



EUROPEAN NEWS

Political impetus builds behind hopes for free market in insurance

Legal headaches abound but the French Government is pressing hard for progress in breaking down barriers, Tim Dickson reports

THE fiercely contested bid for Groupe Victoire, together with Axa Midi's open ambitions to acquire Farmers of the US, have suddenly transformed France into Europe's most lively and exciting insurance stage.

banking over the first six months of 1989, he intends to turn his energies elsewhere in the second half of the year.

Insurance is indeed a tempting target given the burdens that remain to be cleared by 1992 - but it is also an awkward conundrum for Britain's senior Commissioner to solve.

case in favour of the Commission against West Germany's restrictive supervision laws requiring establishment as a precondition for doing business - they also entered some strong caveats.

Single European Act, the directive means that after a phasing-in period which lasts until the end of 1992 most companies qualifying as "big risks" will have free access to buy property and liability cover from insurance concerns based elsewhere in the Community.

towards freeing life insurance services, also taken last December, is limited to policy holders seeking cover in other member states on their "own initiative" (by picking up the telephone, writing, or actually going there).

formal agenda of the French Presidency, is a proposal on winding up insurance companies and the long-standing and endlessly debated draft directive on the harmonisation of contract law (policy conditions). The latter appears clinically dead, even if the life support system has not yet been switched off, and it now seems to be generally accepted that contract law is one area where a fight - fought on the Euro tiller (allowing host country control to prevail) will reap worthwhile political rewards.

Hungary to downgrade role of Communist party

By Judy Dempsey in Budapest

ALL references to the leading role of the ruling Communist party will be dropped from Hungary's constitution under proposed amendments which instead will invest powers in three new institutions aimed at introducing checks and balances into the country's parliamentary system.

HUNGARIAN officials and international aid organisations in Budapest yesterday were silent about the thousands of East German refugees waiting to leave Hungary for West Germany.

institution, along the lines of the Treasury in Great Britain, which will oversee the annual budget.

PSA, THE French motor group embracing Peugeot and Citroën, has invested FF10bn (£580m) in its new Peugeot 605 range of executive cars, which is officially unveiled today.

Summit opens with foul weather warning

Argentine President Carlos Menem (right) greets Yasser Arafat in Belgrade yesterday at the ninth annual summit of the Non-Aligned Movement.

Executives deny arms smuggling charges

Dutch election outcome on a knife edge

By Laura Raun in Amsterdam

THE NETHERLANDS goes to the polls tomorrow with the Christian Democrat-liberal coalition Government neck-and-neck with the opposition Labour Party, according to the latest public opinion poll.

The Christian Democrats would remain the largest party in Parliament with 53 seats. They are expected to try to form a coalition with the right-of-centre Liberals if the two keep their governing majority.

de Hond, head of the company, believes many voters switched to the Liberals at the last moment because of a poll forecast that the governing coalition would lose its majority.

ECONOMIC GROWTH in West Germany next year is likely to have a three before the decimal point, Mr Waigel said in a speech to parliament during the first reading of next year's federal budget.

W German growth 'will exceed 3%'

plans for a higher federal budget deficit next year. He said the 1990 deficit was expected to rise to DM25bn (\$17bn) partly because of the introduction of income tax cuts as part of a major tax reform programme introduced this year.

Spanish opposition picks poll candidate

Swedish union aims to chart a high-tech course for industry

Robert Taylor reports from Stockholm on plans by the powerful Metalworkers to encourage change in the economy

SWEDISH INDUSTRY is not finding it profitable enough to invest in new technology. We must make sure that we pursue the policies that will make the companies do so.

ened the problems of high labour turnover and sickness absenteeism.

els between workers in the same plants and between plants remain broadly similar to the rest of the Swedish labour market.

community aspirations. This would mean union negotiators demanding that employers invest in high technology products both through collective bargaining and the industrial democracy system that gives the union a voice in company decision-making.

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AMERICAN NEWS

Bush returns from vacation to speed N-arms diplomacy

By Lionel Barber in Washington

PRESIDENT George Bush returns to White House business today reinvigorated by a three-week seaside vacation and braced for a new round of high-level diplomacy with the Soviet Union.

Senior officials have prepared a new proposal on chemical weapons, and there are reports that some of Mr Bush's advisers would like to see faster progress on a pact with the Soviet Union to reduce strategic nuclear weapons.

Greater friction between Congress and the president on tax and spending issues may arise in the next few weeks, against the backdrop of the October deadline for reducing the budget deficit to \$100m according to the Gramm-Rudman law.

enjoys widespread support among the rank-and-file in the House of Representatives. A win for Mr Bush on capital gains would hand the Democrats a stunning defeat.

More drug war aircraft arrive in Colombia

By Sarita Kendall in Bogotá

AEROPLANES and helicopters sent by the US to support President Virgilio Barco's anti-drug drive have begun to reach Colombia.

Japan set to offer Mexico aid package worth \$2.5bn

By Richard Johns in Mexico City

A FINANCIAL aid package for Mexico worth at least \$2.5bn (\$1.5bn) is the likely outcome of the three-day visit to Mexico of Mr Toshiaki Kaifu, Japan's Prime Minister, who arrived here last night.

and \$1bn with the International Monetary Fund. The Exim Bank funding will be made available on generous terms, with grace of six-to-seven years and repayment over 25 years at low interest rates.

struggle against pollution in the Valley of Mexico. But a report from Tokyo that Japan would set aside \$1bn to support Mexico in its campaign against environmental contamination has been denied.

US party alignments puzzle professors

By Peter Riddell, US Editor, recently in Atlanta

THREE successive Republican presidential victories, control of the Senate by different parties at different times, and continued Democratic Party domination of the House of Representatives over the past decade have produced deep divisions among US political scientists about the behaviour of American voters.

the 1980s, leading to the election of President George Bush, have produced a massive party realignment, finally ending the New Deal-initiated Democratic hegemony.

Looking at the continued divided control by the parties of the White House and Congress, Professor Byron Shafer from Nuffield College, Oxford University, argued that the US has "a highly distinctive electoral order" which has little to do with realignment.

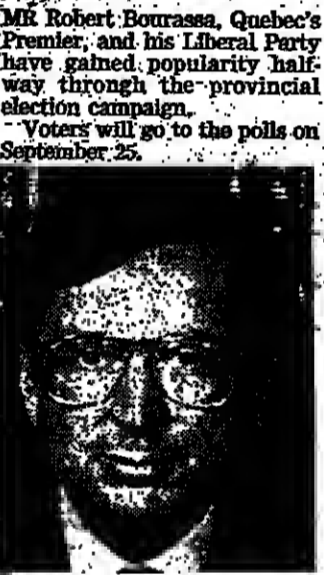
Belizans vote amid passport controversy

By Carole James in Kingston

THE CONTROVERSIAL sale of thousands of acres of land to foreigners, the unorthodox availability of Belizean citizenship, and unemployment were main issues in the Belize general election yesterday.

Liberals win support in Quebec poll campaign

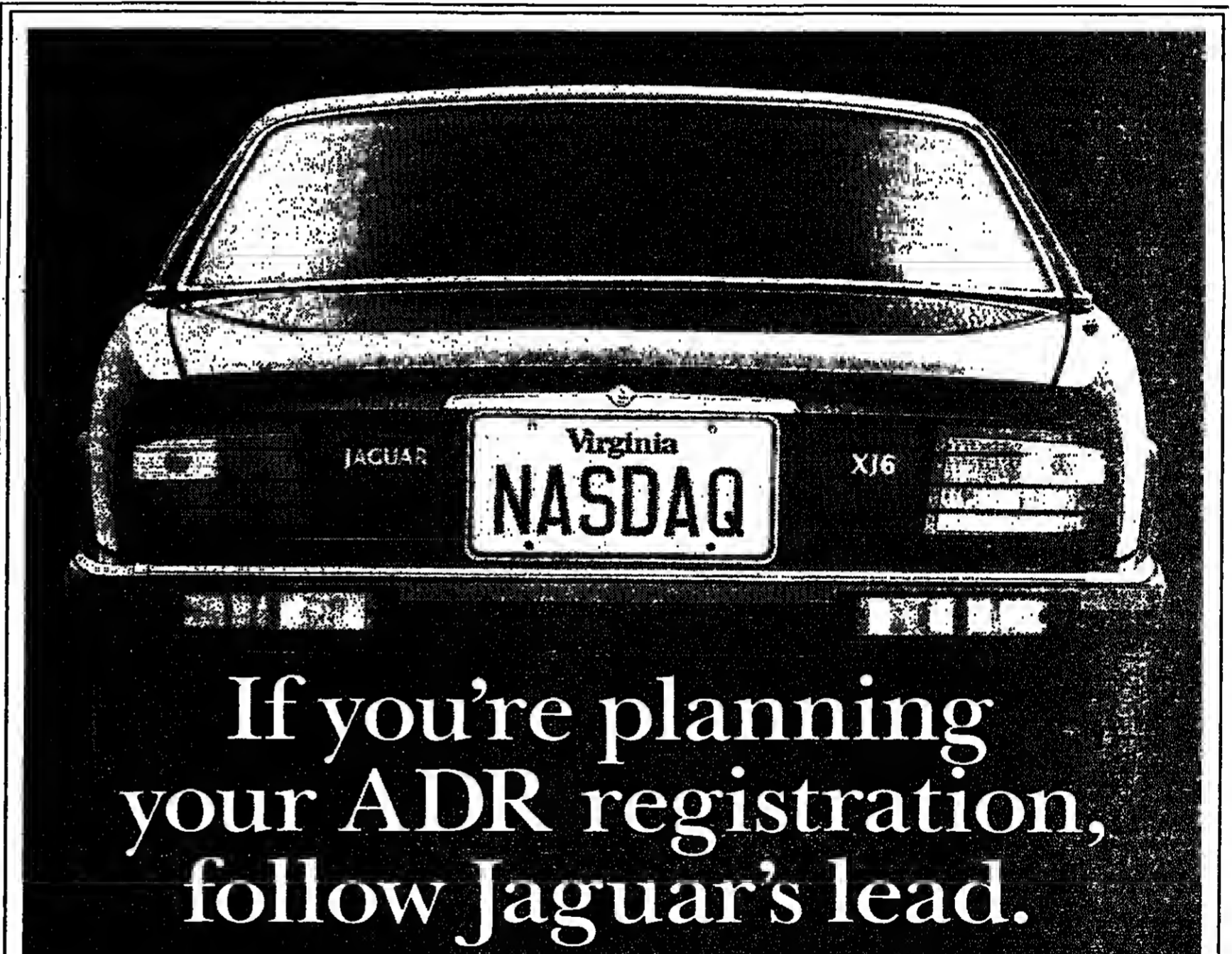
By Robert Gibbens in Montreal



Bourassa: gaining

A Surocom poll, considered the most reliable, and taken between August 25 and 29 in the Canadian province, showed 48 per cent support for the Liberals, against 38 per cent for the opposition Parti Quebecois, led by a former finance minister, Mr Jacques Parizeau.

recent refusal of dockers at Liverpool to handle toxic waste sent from Quebec for incineration in Britain, but believe their subsequent action late in August, when the waste was returned to Quebec and protesters were handled firmly, turned public opinion.



If you're planning your ADR registration, follow Jaguar's lead.

When a company with a heritage like Jaguar's decided to issue ADRs in the US, you might have expected it to head straight for one of the traditional stock exchanges.

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Was it because NASDAQ's system of competing market-makers can offer issuers sponsorship, sales support and research coverage - something that cannot be provided by the single specialists

on the traditional exchanges?

Or was it even that, since most of NASDAQ's income is derived from the sales of its price quotation information, introduction and listing costs are a mere fraction of those on other exchanges?

Whatever the reasons, Jaguar is not alone in thinking them compelling ones.

NASDAQ issuers include companies of the calibre of Cadbury-Schweppes, Reuters, Akzo, Volvo, Rhône-Poulenc and Toyota.

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For full information on NASDAQ and the advantages it offers European companies seeking wider exposure and access to new capital markets, contact Lynton Jones,

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In Wednesday's paper.

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When he put British Satellite Broadcasting's satellite into orbit, John S Korda was tackling that tricky task for no less than the twelfth time.

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When not overseeing our launch, John is responsible for the management of TéléSAT Canada's space programmes.

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If what viewers might make of John's suit isn't important to us, what they make of our programming

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We found out that to be home box-office hits, films shown on BSB's Movie Channel need to be recent and not viewable elsewhere on television.

So we bought the exclusive TV rights to enough movies to screen over 100 a month, and made sure over 20 a month will be 'first-run'.

We found out that women view TV in short, sharp bursts in the morning; at their leisure in the afternoons.

So BSB's Now Channel is structured to show 15-minute short programmes before lunch; longer, magazine-style treats after lunch.

We found out just what teenagers wanted from their own channel.

So BSB's Power Station will air the required mix of pop and rock music, vj links, features and live concerts.

We found out (surprise, surprise) that a lot of people were interested in soaps, game shows, drama and classic British comedy.

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IBM PS/2 MODEL 70-A21	£6511	25MHz	120Mb	MCA 32bit	NO
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All prices exclude VAT and include system unit, keyboard, 3.5" floppy disk drive and 20" monitor. Source: Current Research - August 1989

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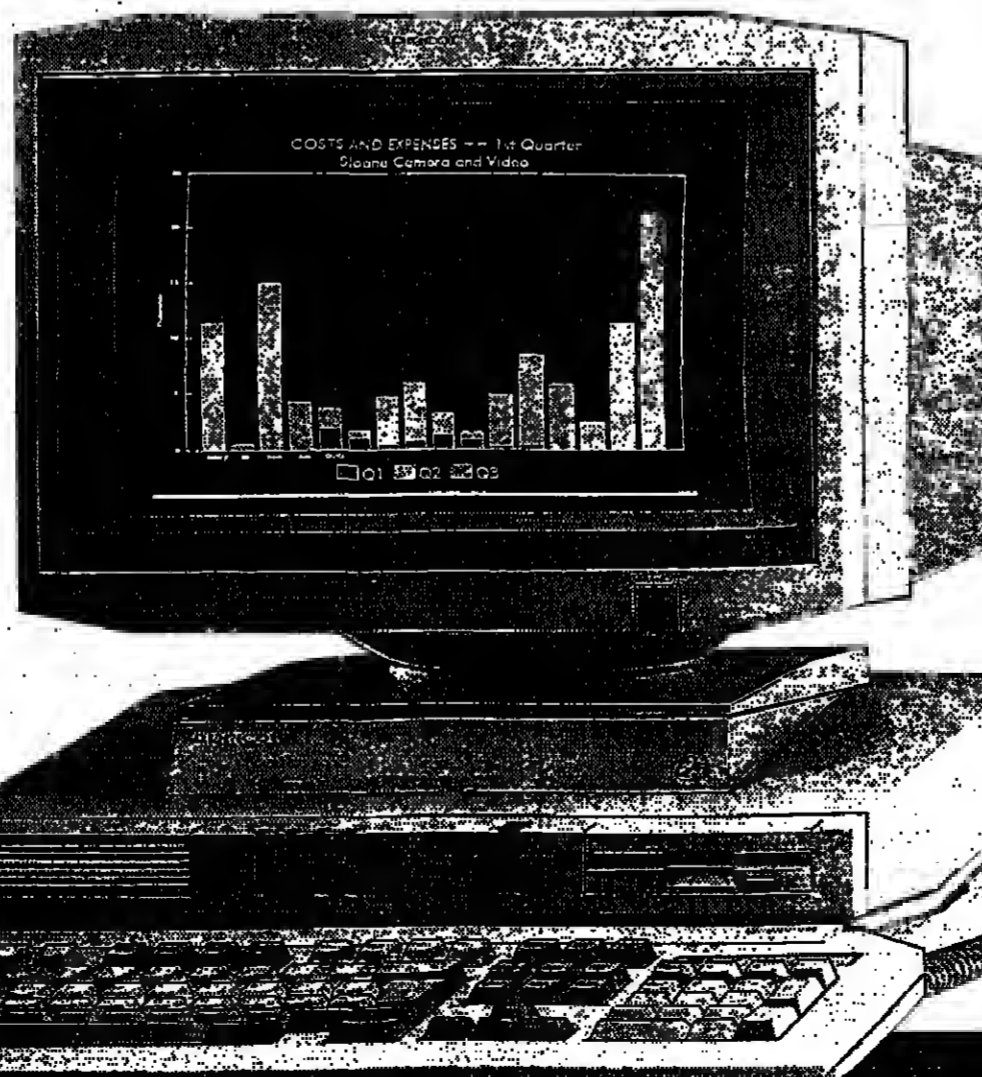
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UK NEWS

TUC CONFERENCE

Unions confident of change in fortunes

By Charles Leadbeater, Labour Editor

THE annual TUC conference opened in Blackpool, north-west England, yesterday amid an atmosphere of stability, verging on a confidence that 1989 could mark a turning point in the union movement's fortunes.

TUC leaders believe the unions' painfully slow adjustment to the loss of the power they wielded in the 1970s is coming to its end, that retrenchment is giving way to renewal.

The thousand delegates gathered in the Winter Gardens ballroom yesterday approved two motions which according to Mr Norman Willis, the TUC's general secretary, symbolise the unions' determination to prepare for the 1990s.

The congress almost unanimously approved rule changes which will nearly double the number of women on the TUC's ruling general council. It went on to support proposals to improve recruitment among non-unionised workers, especially women in the service sector.

That will be followed by a series of initiatives to widen the unions' agenda, and broaden their appeal. Today it will launch its policy on the environment, followed by its rapidly reworking the British training system and on Thursday a report on the Single European market.



Two heads better than one: McCluskie and Knapp discuss merger

LEADERS of the National Union of Railwaymen and the National Union of Seamen have finalised terms for a merger of their organisations, it was disclosed yesterday.

Mr Jimmy Knapp and Mr Sam McCluskie, general secretaries of the NUR and the NUS respectively, are meeting in Blackpool this week to ratify formally an agreement that should pave the way early next year for creating a new transport union with about 130,000 members.

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Credit figures show curb in UK consumer spending

By Peter Norman, Economics Correspondent

THE AMOUNT of new credit granted to British consumers by finance houses, building societies and on bank credit cards declined in July, adding to evidence that the Government's high interest rate policy is curbing consumer demand.

Official figures yesterday also confirmed an earlier provisional report of a sharp drop in retail sales volumes in July with the result that the year-on-year increase in sales for the three months to the end of July was the lowest since October 1982.

Details of the amount outstanding on consumer credit agreements provided less decisive evidence of a slowdown in consumers' appetite for borrowed funds. The Central Sta-

tistical Office reported a £261m seasonally adjusted increase in outstanding consumer credit agreements in July compared with a revised £188m increase in June.

The July figures were sharply lower than May's £505m increase and lower than the average monthly increase for the year to date, the CSO said.

The Treasury said yesterday's figures were consistent with other evidence of a slowdown in the economy. They had little impact on financial markets which are looking ahead to publication on Thursday of the August Financial Times/Confederation of British Industry distributive trades survey for further indications

Government to abolish curb on private coal

By Maurice Samuelson

THE 30-man rule which has limited the size of Britain's private underground mines for more than 40 years is to be abolished as part of a Government move to expand the small private coal sector.

Under a Coal Bill to be introduced in the autumn, private underground collieries will be allowed to employ up to 150 men below ground. This is still far fewer than the average 1,000 strong workforce in the largest British coal collieries, and it is unlikely to lead to a rapid increase in the size of the private underground workforce. In another liberalisation move, the new Energy Secretary, Mr John Wakeham, is to order a tenfold increase in the amounts of coal for which licences are granted.

They will be raised from a mere 25,000 tonnes per licence to 250,000 tonnes. However, this could effectively mean up to 500,000 tonnes per licence if British Coal, as the licensing authority, continues the present practice of granting extensions to licences.

The forthcoming Coal Bill is also expected to propose a significant write-off of British Coal's accumulated debts. It is the heavy interest repayments on these debts - expected to reach £250m in the current financial year - which repeatedly prevent it from showing an overall profit despite the dramatic efficiency gains of the last four years.

Charities win freedom to advertise on TV

By Raymond Snoddy

HUNDREDS of British charities will now be free to advertise their appeals on commercial television and radio following the lifting yesterday of a 34-year ban on charity advertising in British broadcasting.

The National Society for the Prevention of Cruelty to Children was among the charities which yesterday welcomed the lifting of restrictions.

Football fans face action after ferry disturbances

By Kevin Brown, Transport Correspondent

MR COLIN MOYNIHAN, the Sports minister, was under pressure last night to take tough action against travelling football hooligans after a man was lost overboard during disturbances on a North Sea ferry.

Mr Denis Howell, the shadow Sports Minister, and Mr John Carlisle, the Conservative MP Luton, were among those who called for better security, possibly through new legal powers.

The Tor Britannia, owned by the Danish ferry operator DFDS, was forced to turn back to Harwich early yesterday because of heavy drinking and drug taking among more than 150 football fans heading for tomorrow's England v Sweden World Cup qualifying match in Stockholm.

Essex police said 20 youths were questioned when the ferry docked. The man who fell overboard was named as Robert Patrick Ayling, 24, of Lymington, Plymouth. He was among those travelling to the match, police said.

Prince set his sights on encouraging community projects

By Alan Pike, Social Affairs Correspondent

THE PROSPECTS for establishing a national programme enabling large numbers of young people to work full-time on community projects are encouraging, the Prince of Wales said yesterday.

Plans for the scheme are being developed by the Prince's Trust, a young people's charity of which the Prince is president, and the Commission on Citizenship - an all-party groups of MPs, educationalists and others set up last year.

A formal decision to go ahead with the scheme on a national scale has not yet been made, but there are indications that this will come next spring.

Pilot projects have already operated in Sunderland, northern England, Birmingham, Britain's second largest city, and South Wales, and it was announced yesterday that another local scheme will start next month in Bradford, north Yorkshire.

The Prince, outlining his proposals in Edinburgh yesterday, said a study of the scheme had proved very encouraging.

"We are now considering how to expand the idea. In view of the reaction from all sections of the community at the moment, it is encouraging," he said.

together for three months on environmental, community and other projects of social value.

It is hoped that the scheme, once launched, would build up to 100,000 places a year.

Young people in employment who are not being trained for the scheme would continue to be paid by their employers, while those on the Youth Training Scheme would retain state allowances.

"What we are always trying to do is to develop hidden talent among a large number of young people all over the country, however disadvantaged or alienated they may be," he said.

There were many young people who had hidden talent which was not brought out.

Prince Charles added: "That talent needs to be harnessed and that is what I hope we can do in our own small way, to enable people to realise their full potential."

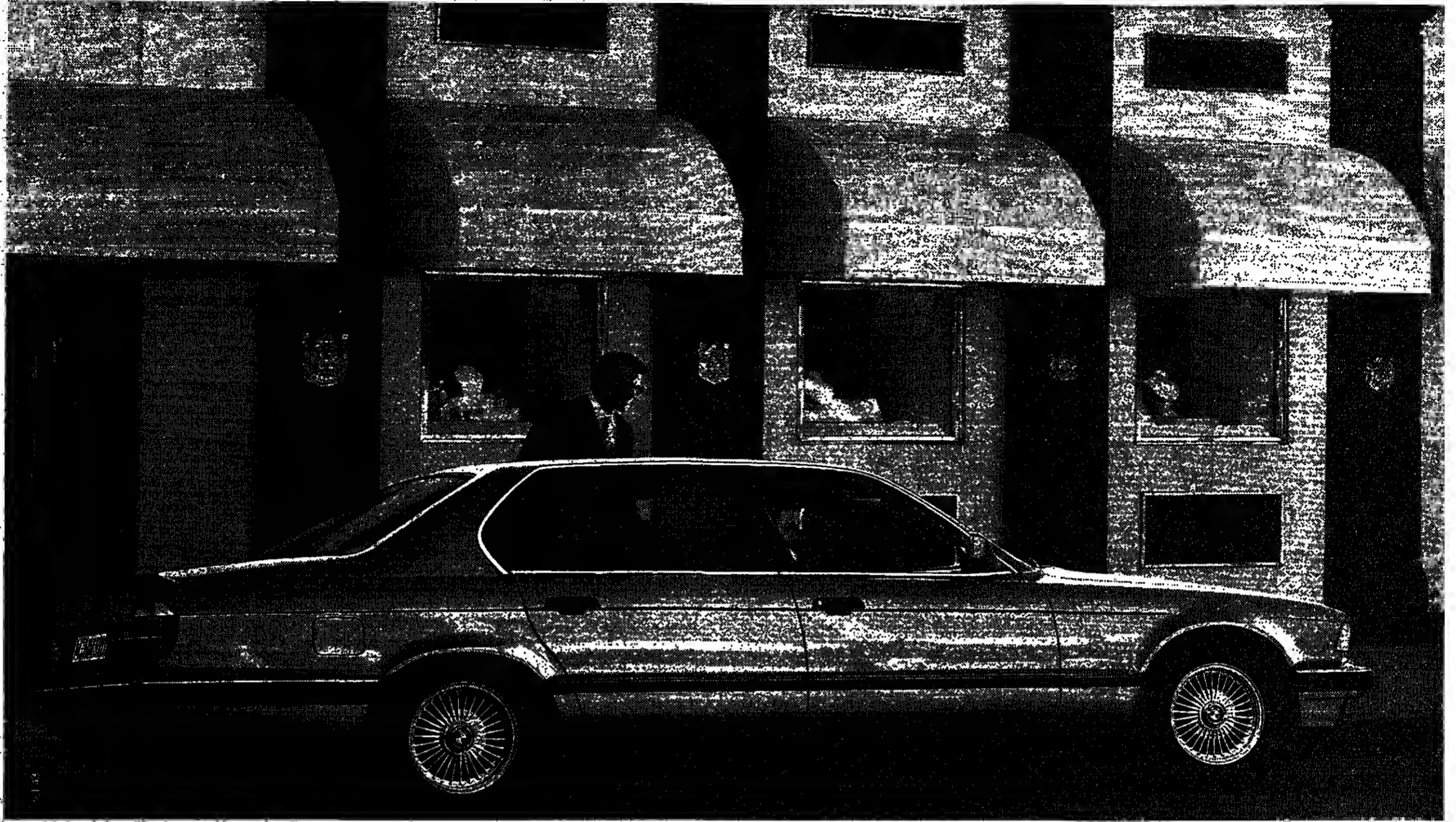
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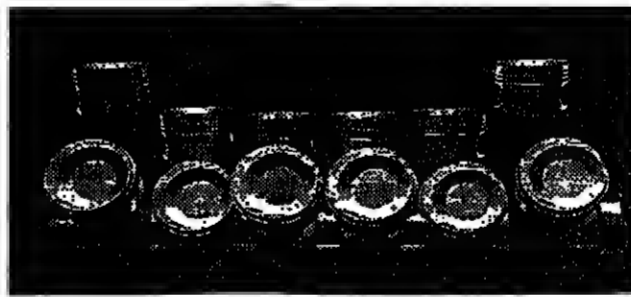
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Top managers from thirteen international automobile concerns were approached when "Automobile Review" (9/10 '88) enquired "What do the senior executives think?" The result - the BMW 7 Series was a clear favourite in the "large car" class. It is not only the specialists who consider the 12-cylinder engine of the BMW 750i/L to be the crowning achievement of modern automobile engineering. Innovative design features provide an absolutely unique standard of smooth running despite the enormous power potential of this V12 engine. Nevertheless, it is a compact engine and both the wear and maintenance requirements are low. It is efficiently controlled by the extremely modern Digital Motor Electronics



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United Plastics (UK) Limited: In Administrative Receivership. This Joint Administrative Receiver invites offers for the facilities operated by the above company and its wholly owned subsidiary.

WE SELL COMPANIES: Whatever your business, we should like to hear from principals, whether buying or selling. All types of business sought, regardless of industry, size or location.

INTERNATIONAL BOOK PUBLISHING COMPANY FOR SALE: Location: Southern England. Shareholders seek to dispose of entire equity interests. PROJECTED PRE-TAX PROFITS FOR 1989/90 circa £1.2 million.

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BUSINESS FOR SALE

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FOR SALE
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FOR SALE
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FOR SALE
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FOR SALE
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WANTED
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The Business Specialist
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WEST MIDLANDS
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18th October 1989

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COMPANY NOTICES

THE SUNGAI BESI MINES MALAYSIA BERHAD
Notice of Meeting
NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of members of The Sungai Besi Mines Malaysia Berhad will be held at the Conference Room No. 5, 1st floor, The Merlin Kuala Lumpur, No.2 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Friday 29th September, 1989 at 10.00a.m.

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for the urgent supply of 2 x 20,000 tonnes of soft wheat to Bangladesh for delivery on foot steved and trimmed terms to an EEC port. 1st 20,000 T loading shall commence no earlier than 9.20.00 T loading shall commence no earlier than 20 October 1989 and no later than 10 November 1989 for 21 days.

LEGAL NOTICES
INSOLVENCY ACT 1986
In THE HIGH COURT OF JUSTICE IN COMPANIES COURT: GORRIS LIMITED







LETTERS

Health and safety in the UK workplace

From the Chairmen, Health and Safety Commission... Sir, Kevin Brown's article on UK transport congestion...

Safety Executive. Their position as statutory bodies... The Commission is appointed by the UK Secretary of State for Employment...

and practical guidance for very large numbers of industrial processes... The Executive is also the licensing authority for nuclear installations...

Ill treatment of a treaty

From Mr F. Brian Hayes. Sir, I have read with dismay... The UK Government has discovered, with regrettable enthusiasm...

smacked, will so dilute the value of the UK/US Double Taxation Treaty as to render it virtually a worthless scrap of paper... I would have hoped that UK treasury ministers would firmly point out through official channels...

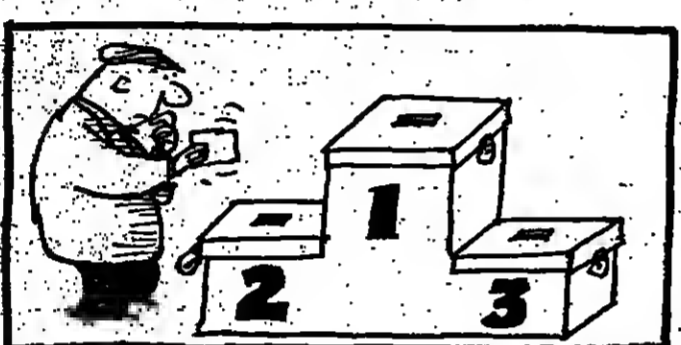
Skill is doing

From Miss Joyce Cade. Sir, You are right to be sceptical... The fact that academics see this as validating "semi-literary" is a classic example of educational snobbery...

demanding that they write essays or complete multiple choice question papers... In the training industry we confidently expect our oft-quoted German partners to supply our work-based training and assessment techniques...

Management skills defined

From Mr Andrew Campbell. Sir, The French study on diversification (Management page, August 11) raises the issue of focus in a diversified company... Work we have done supports this. It is not a new idea yet it is subtly and importantly different from the old concept of "core" businesses...



Knots in the knitting

From Mr John Harrison. Sir, The "Textile Managers blamed slump" headline on Alice Bayworth's report... The clothing and knitting industries are probably not very different from most of Britain's other industries...

To show more fair

From Mr John Speller. Sir, It may well be - as Joe Rogay says... To this has been added an amendment by the ISETPU... Such a system would preserve the historical principle of the single member constituency...

calls on the next Labour government to replace first-past-the-post voting with the "one, two, three" system... This decade has seen, in the UK knitting industry, an unprecedented surge in productivity...

Hong Kong and the EC

From Mr Nigel Johnson-Bill. Sir, Freedom to cross frontiers, to reside, settle and work in each other's countries is an EC commitment... In the 1970s, the UK government created a new type of British citizen and issued a British passport which excluded the right to reside in the UK...

A non-EC immigrant into the EC must spend, say, two years in the host country before becoming free to take up residence in another EC country... An undervalued US dollar, to which many of these countries artificially link their own currencies, has increased their price competitiveness...

'UK Government has resorted to legal acrobatics over asylum'

From Miss Sally Baden. Sir, John Paton, the Home Office Minister (Letters, August 28), challenges Edward Mortimer's argument that humanitarian standards in the treatment of asylum seekers are declining in the west... The issues and arguments raised by Mr Mortimer's article cannot be so easily dismissed, as the full story of what hap-

pened to these and other Tamils illustrates. The real issues arising from this case are: 1) That the Home Office's own procedures were ignored in the rush to remove the 68 Tamils in February 1987... 2) That the Home Office Minister of that time publicly denounced asylum claims as "bogus" before any thorough investigation of the cases...

forced into hiding or exile elsewhere. 3) That after evidence of their maltreatment came to light, the Home Office persisted in trying to block the return of the five, although a legally binding ruling that their asylum claims were - and are - valid was made by the immigration appeals adjudicator in March of this year... It is sometimes convenient to obscure the UK record in the more generous European one. In the UK, the number of people granted refugee status fell from 1,147 in 1980, to 878 in 1987...

Most worrying of all, however, is Mr Paton's assertion that "the reasons for this increase (in numbers of asylum seekers) are largely economic... It is a delusion to think that unemployment and poverty in the third world can be solved by 'economic' migration to the west." Are Sri Lankan Tamils, an oppressed minority in a state in civil war, "economic" migrants? Are Iraqi Kurds fleeing from extermination by chemical weapons "economic" migrants? Were Iranians running from persecution in Khomeini's Iran simply seeking a better life? These are among the largest groups of asylum seekers coming to Britain in the 1980-87 period... It is one thing to make a genuine mistake; it is another ruthlessly to pursue the goal of reducing immigration statistics, at the expense of human suffering and - one day, if it has not happened already - human lives.

FOREIGN AFFAIRS

Unshakeable grip of war in the South

Edward Mortimer on superpower intervention in the Third World

In my parish church this Sunday we were told to feel grateful, not so much to those who gave their lives or made other sacrifices for our freedom in the war which began 50 years ago as to the Almighty for allowing us to live in "the peace of 1989"...

The last point is pretty well incontrovertible, the foregoing ones much more dubious... The last point is pretty well incontrovertible, the foregoing ones much more dubious. Certainly the status quo in most Third World countries is appalling, since it includes not only grinding poverty, even malnutrition, for the mass of the population but also conspicuous maldistribution of resources, corruption, and often also vicious repression...

been if the outgoing dictators had been left in place until swept away by revolution like the Shah in Iran... For my money less intervention by both superpowers would be a net plus, and the present form of Soviet disengagement, accompanied by pressure on client regimes and movements to accept negotiated compromises is a definite plus, although I agree with Halliday that civil conflicts are inherently less amenable to compromise than international ones...

Well fed and educated people do not guarantee peace

dictatorial system." The trouble is that the condition of the people after the revolution seems almost always to be worse than it was before. Partly, it is true, this fact can be blamed on the various forms of blockade, isolation and destabilisation to which the revolutionary regime is subjected by outside powers, usually led or at any rate egged on by the US... It may not be pure coincidence that since 1945 the most destructive conflicts have occurred in the poorer parts of the world. A well fed and educated population does not guarantee peace, but it probably improves the chances...

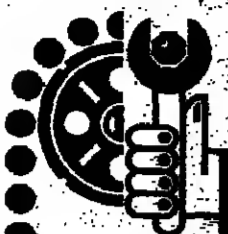
It may not be pure coincidence that since 1945 the most destructive conflicts have occurred in the poorer parts of the world. A well fed and educated population does not guarantee peace, but it probably improves the chances. Liberal capitalism so far has a better track record in producing well fed and educated populations than other socio-economic systems. The snag is that it requires a minimum of order and tranquillity to get going. Much of the Third World today is caught in a vicious cycle: bitter ethnic and communal hatreds sustain a climate of violence, in which the economic development that might allow such hatreds to be overcome is not possible...



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# FINANCIAL TIMES SURVEY



Oil companies are pushing ahead with new explorations at a cost factor that would have been dismissed

as absurd several years ago. Encouraged by big technological advances, the industry is enjoying a sense of renewed self-confidence and optimism, writes Steven Butler

## A robust turnaround

THREE years ago few observers of the international offshore oil industry would have predicted it could have made such a robust response to an era of low oil prices. The boom time of the early 1980s has not returned and probably never will. And many of the technical and managerial changes seen in the past few years had begun well before Saudi Arabia decided to flood the world with oil in 1986. Yet from the Gulf of Mexico to the North Sea oil companies are pushing ahead with a new round of exploration at a cost factor that would have been dismissed as absurd a few years ago. This has made it possible to justify vigorous exploration programmes even on oil price assumptions that offer little scope for improvement beyond \$15 a barrel in real terms for the next decade. Of course most in the industry are more optimistic that oil prices will rise gradually (if erratically) in the 1990s, yet the experience of two steep falls in the price of oil, in 1986 and 1988, and subsequent recoveries, has boosted confidence that there is a real floor on prices, which many put at \$15, below which the Organisation of Petroleum Exporting Countries is spurred to take action.

At these prices, which would have been undeniably low a few years ago, oil companies can see their way through to a return at least big enough to justify moving full ahead. This sense of renewed optimism and self-confidence has been reflected in the vigorous market for oil assets in the mature offshore areas - North Sea and in the Gulf of Mexico. One by one big oil companies are considering that these oil basins are important strategically to their companies. British Petroleum has perhaps been most aggressive, first with its takeover of Britoil and more recently with its bids for offshore leases in the Gulf of Mexico. But the list of companies attempting to follow suit in one way or another grows longer practically by the month, ranging from big established international companies such as Elf Aquitaine or Atlantic Richfield, to even the national oil companies with little international presence, such as Repsol of Spain, and Petrobras of Brazil. And the independents have not been left out. They have been active bidders for almost everything on offer in both areas. In the UK they were aided in the recent awards of exploration licences by what



Total Oil Marine's Alwyn Field platform in the North Sea

Pictures: Ashley Ashwood

# Offshore Oil

appears an obvious Government attempt to give them a small measure of preferential treatment. In the US more and more independents are learning that they can make money in the shallow-water, mature areas of the Gulf, focusing on low-yield producing properties or small plays where they can take advantage of their lower cost structure to beat the big companies at their own game. One reason for the enthusiasm is the steady progress of exploration technology that now enables oil to be located in smaller quantities with far greater precision, thus reducing the risk and cost of exploration. "What we can do today is see very, very clearly onto the ground," says Mr John Jennings, group managing director for the Royal Dutch/Shell group. The improvement of seismic

capability has gone hand in hand with the development of super high speed computers to process data. These allow not only composition of an increasingly detailed picture of structures deep under the earth, but the manipulation of data to test hypotheses about possible formations between the gaps of the data to see how it fits with geological understanding of an area. With a structure located, recently developed steerable drilling systems can point a drill-bit to within yards of a target at a distance of several miles. This technology has revolutionised the exploration end of the business, where finding oil used to be more akin to groping in a dense fog for a dark object. Now the sun has burnt through the fog. The advances are no less impressive in the production end of the business, although

here it is impossible to pinpoint just a few technologies that have made a difference. It has rather been a story of steady progress through a range of interlocking design and engineering processes. The trend has been towards lighter, smaller structures capable of big processing volumes, yet with many fewer men than were needed for older designs. The key often has been to work towards weight thresholds that allow for offshore installation of large single loads by heavy-lift cranes, itself a recent development. When this can be achieved for production decks, installation and commissioning of equipment can be performed onshore, where labour costs are just a fraction of offshore labour costs. The construction of production decks as single units leads to further weight

reduction by cutting out structural steel that would be needed to insure the integrity of individual modules that would later be hooked together offshore. This sort of broad simplification also makes a big difference in cutting engineering requirements, and makes it possible for more oil companies to use turnkey contracts for offshore developments. Under a turnkey contract one contractor assumes full responsibility for a project, from conceptual design stage to final installation and commissioning offshore. The turnkey contracts give the main contractor a big incentive to ensure maximum co-ordination among all phases of a project, to reduce costs and speed delivery schedules. In the Gulf of Mexico platforms now come in what amount to off-the-shelf designs.

Such streamlining and greater efficiency was possible in an era of high oil prices, but the incentives were not there. "The ethic of these organisations is dominantly technical," says Mr Jennings. "And if you live in a world where profitability of your project is very comfortable, the technical ethic dominates so strongly that it perhaps pushes commercial considerations into a corner. As a result of the combination of low oil prices on the one hand and the technical challenges of developing what are usually the smaller offshore fields on the other, the industry has really had to pull up its socks both technically and commercially. "During the period of very high oil prices and high upstream margins we got ourselves into a rather unhealthy state of feeling extremely confident about future prospects. I

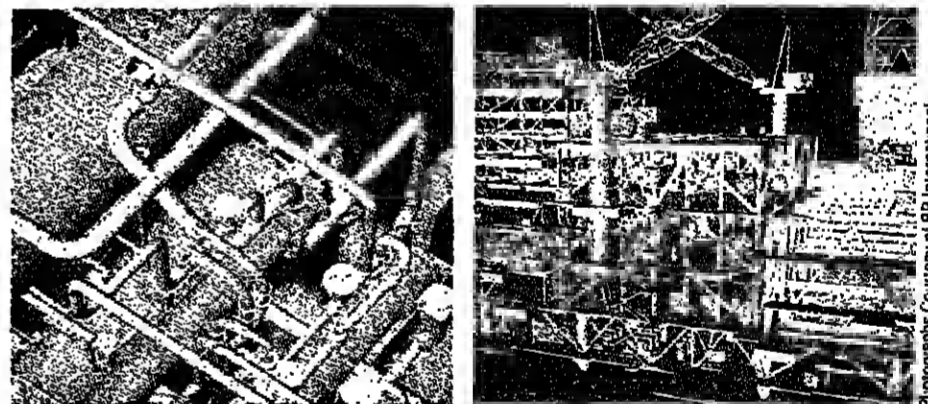
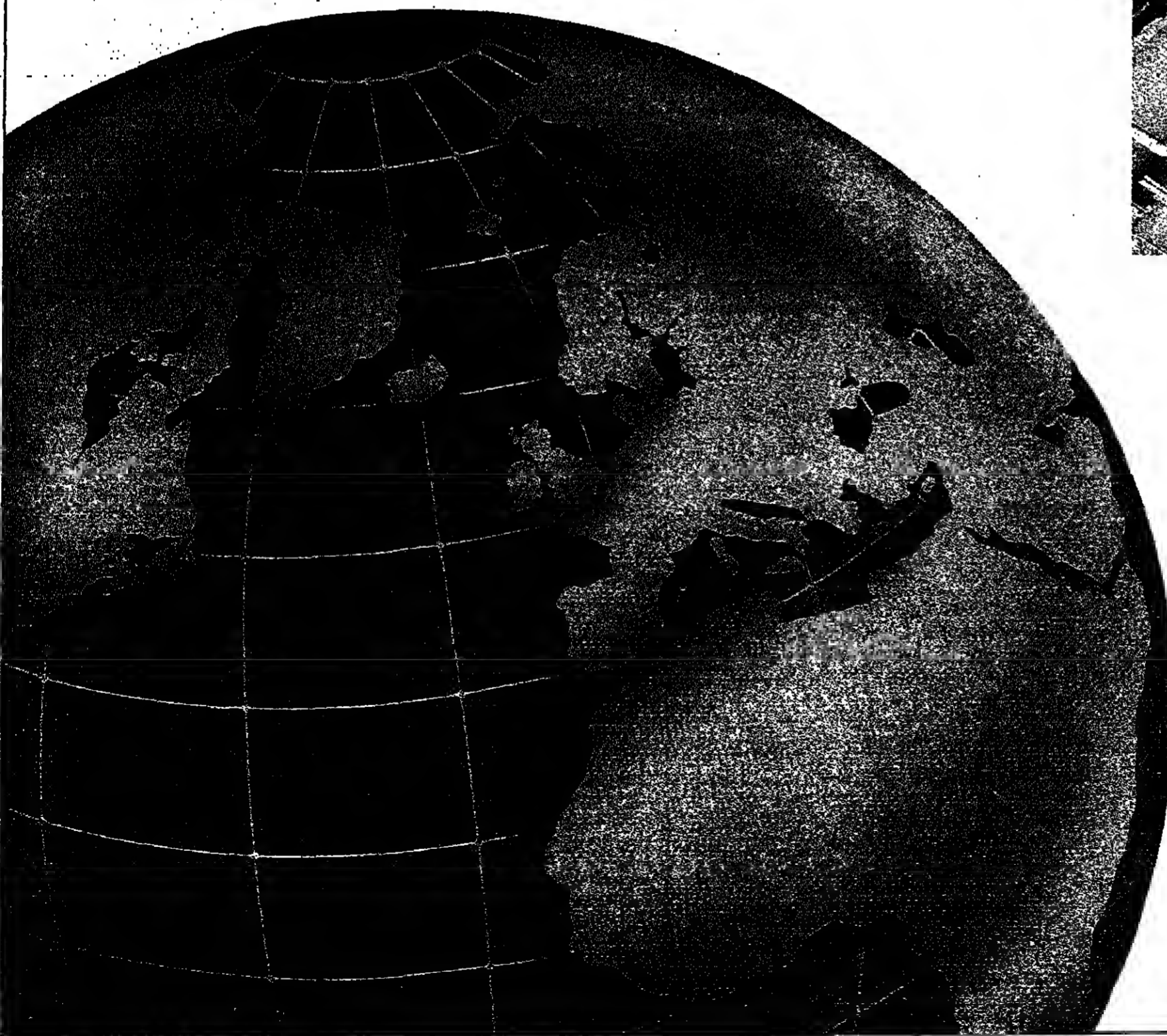
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think the process of adjustment that has gone on has been a good one for the industry, and the industry is in much better shape today than it was in the heyday of the high prices of the early 1980s." Mr Jennings' point of view, of course, is unlikely to be shared in full by many companies who suffered more casualties from the downturn than Shell. Drilling contractors, diving companies, and supply boat industries are in a depression, very lucky to cover costs on a contract. Yet for much of the international service industry, poor conditions of business have prompted a much needed process of consolidation, an increase in operating efficiency, and a successful search for the sort of technology that has cut costs, improved capabilities and ensured themselves a future. All of this has made it possible for the oil companies to focus more clearly on their own strategy for the 1990s.

Mr John Browne, recently appointed managing director and chief executive of BP Exploration, says that for BP this consists of continuing on a steady, consistent programme of wildcat exploration, of the sort that led BP to make huge discoveries in the past in Alaska and the North Sea. This now consists of pushing into deeper water in the Gulf of Mexico and moving quickly to exploit new basins as they open up, such as in Vietnam, where BP recently took on new acreage offshore. It is perhaps no accident that Shell too will be exploring in Vietnamese waters. Shell has been one of the more successful oil companies in replacing its reserves annually, and recently this has come mainly from frontier areas such as West Africa, Colombia, and Syria. Shell has recently spent millions of dollars to stake out a dominating position in frontier areas off the coast of Alaska, and has begun drilling in the Beaufort Sea. There was always a suspicion that Opec intended to exploit out international oil exploration by cutting the price of oil sharply. If that was the intent, Opec has failed.

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OFFSHORE OIL 3

Karen Fossli on Oslo's role in the stabilisation of crude prices

# Opec's European friend

NORWAY, western Europe's second largest crude oil producer behind the UK, in April saw production reach 1.67m barrels a day (b/d) - its highest level ever. This follows the 1989 low sustained in February when bad weather forced production down to 1.28m b/d.

In February 1987 Norway had voluntarily cut its crude oil production by 7.5 per cent (excluding condensate) in a move designed to help the Organisation of Petroleum Exporting Countries (Opec) to stabilise world crude oil prices at reasonably high levels after a precipitous fall in 1986.

Twice a year Norway's oil producers are obliged to submit their half-year production plans for approval by the authorities. These plans must reflect the 7.5 per cent production cut. Accordingly, in the first six months of this year Norway's oil producers pumped an average of 1.53m b/d. Second half-year plans call for crude production to increase to 1.67m b/d. The self-imposed production cut has become an integral part of Norway's policy which is intended to help stabilise world crude oil prices.

Norway believes its production restraint policy, which includes an open dialogue with other oil-producing and oil-consuming nations, can do much to prop up market prices for the world's crude oil. However, the policy "is multilateral in scope, flexible in form and limited in time," according to Mrs Gro Harlem Brundtland, the Prime Minister, and can be revoked if Opec violates its own production quotas.

Until recently the development of Norway's oil reserves has been a considerable success story, though there has been a slow-down in the rate of new finds over the past five years. Based on current production levels and on known gas resources, Oslo has sufficient reserves to last another century. With such an abundance of gas, Oslo's most important priority now is to secure new markets.

Norway possesses about one-half of the natural gas reserves in western Europe, gas makes up more than 60 per cent of the country's total energy reserves, about 20 per cent of its current hydrocarbon sales and 12 per cent of west-

ern Europe's gas consumption. Last year Norway produced 28bn cubic metres of gas. It was exported exclusively to western Europe - 40 per cent of it to the UK and the balance to West Germany, the Netherlands, Belgium and France. The potential for increasing gas exports to western Europe hinges on two main factors: nuclear power generation being replaced by gas-fired power generation and the implementation of stricter environmental regulations which would demand a shift to natural gas for power generation at the expense of other fuels such as coal and oil.

## Oslo believes its production restraint policy can help to prop up crude prices

Earlier this year the International Energy Agency (IEA) published a study which identified potential growth in the use of natural gas in western Europe's electricity industry from the current level of about 30bn cu m annually to 60bn cu m by 2000.

Norway's gas marketing strategy also includes selling LNG (liquid natural gas) to the US, securing new contracts with the UK and establishing a new market in Sweden.

This year US-based Enron signed a co-operation agreement with Norway's Statoil, Norsk Hydro and Saga Petroleum (the three companies form Gasforhandlingsutvalg, GFU, which sells Norwegian gas on behalf of its producers). GFU is seeking to translate the agreement into a contract to supply the US with 2.5m cu m of gas annually, as LNG, commencing in 1993. To boost gas marketing efforts Statoil has also established an office in New York.

A natural gas department has been established in Statoil's London office though the London subsidiary could find itself in competition with Norwegian gas in the UK market. Statoil London has shares in UK gas fields while Statoil Norway is charged with marketing Norwegian gas. Norway's oil minister agrees that this could present a problem though he

could intervene should a conflict of interest develop.

About five years ago Norwegian companies enjoyed an estimated 25 per cent share of the British market for natural gas. That has since slipped to less than 20 per cent and continues to decline. Norway is counting on the break-up of the UK electricity industry and the new role of British Gas to increase its UK market share, though it faces stiff competition from Algeria, Nigeria and the Soviet Union.

In Sweden, plans to dismantle the country's nuclear power industry have come under fire, diminishing Norway's hopes for a substantial contract to supply gas as a replacement for nuclear power generation. It could also undermine Norway's plans to establish a domestic gas industry which would supply gas to energy intensive industries, mostly situated in the eastern part of Norway. The two schemes, supplying gas to Sweden and the creation of a domestic gas market, rely on one another to justify the overall investment.

In its report to the Storting, the parliament, earlier this year, the Labour Government outlined three scenarios for future investment trends in the petroleum sector in the period 1995-2010.

A "basic alternative" calls for annual investments of Nkr 15bn. This would depend on such factors as whether oil can be found in the Barents Sea or if oil companies increase the magnitude of supplementary projects for associated production.

For the "low alternative" investments over the same period are estimated at an annual Nkr 10bn. This reduced level would be on the assumption that oil were not found in the Barents Sea and considerably fewer and smaller oil finds are made elsewhere.

The "high alternative" calls for investments to be maintained at a level of Nkr 20bn. This would occur if more oil discoveries are made and new fields developed. It also hinges on significant oil discoveries being made and more frequently than in recent years.

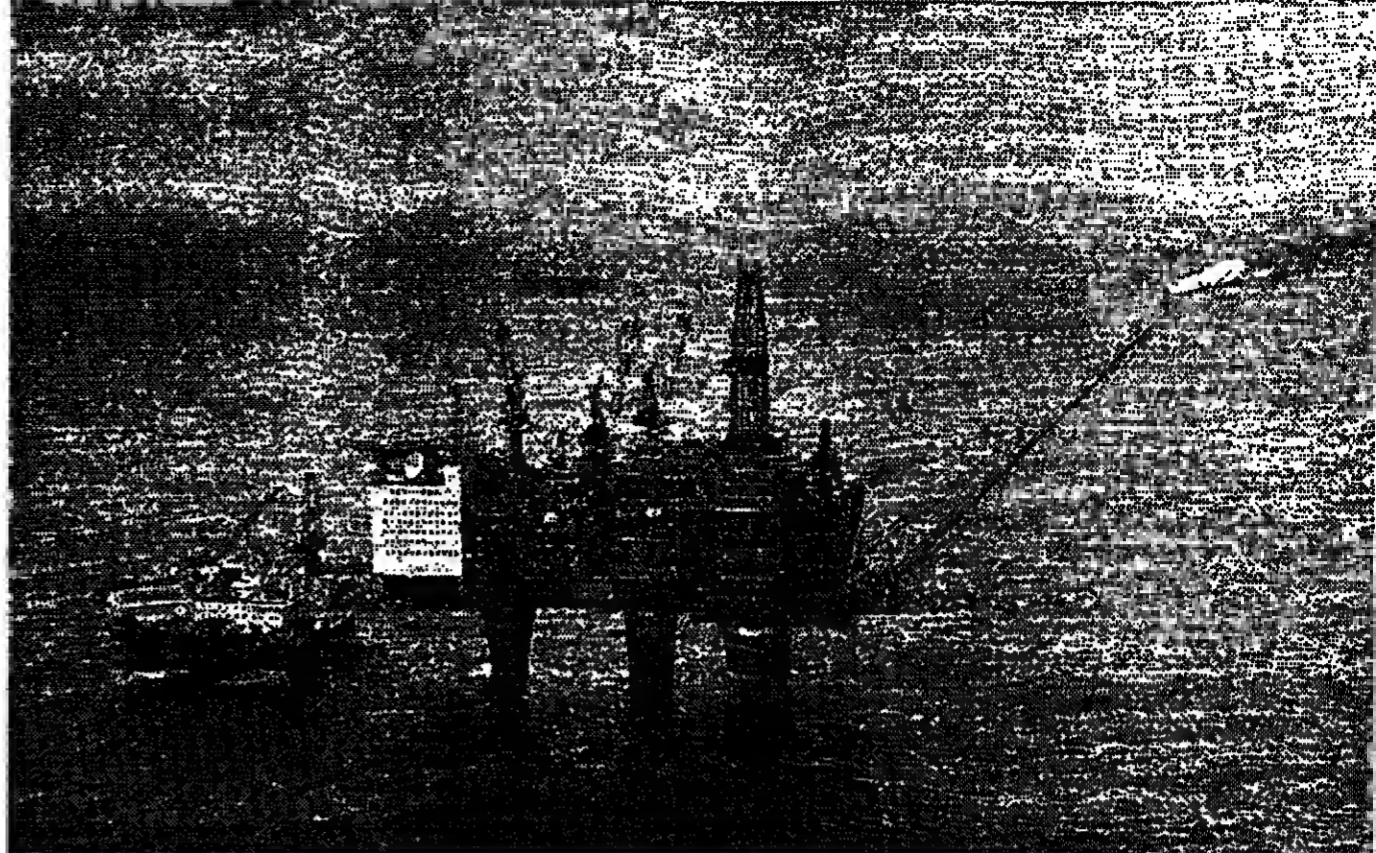
The Government admits, however, that "it is probably only possible to reach this level if a significant oil province in the Barents Sea is discovered quickly."

However, the Norwegian Petroleum Directorate (NPD), the oil sector's watchdog, last autumn called for a downward adjustment in expectations. It warned of:

- Declining prospects for new oil discoveries;
- Uncertainty on hydrocarbon prices;
- Limited sales potential for the country's rich gas resources;
- Little chance to maintain investment activity in the sector in the second half the 1990s.

However, Mr Arns Oelen, Norway's Minister of Oil and Energy, is more optimistic. He told the Financial Times that in five years the domestic oil and gas sectors would both be in a healthy state, buoyed by new contracts, firmer world prices and more domestic tax incentives.

"I would also hope that the need for the 7.5 per cent production cut would not be necessary," Mr Oelen said.



Gullfaks, the first all-Norwegian owned, developed and operated field on the Norwegian Continental shelf

## Norway's leading players

# A home-grown Saga

It has yet to be put to a true test.

Statoil, struggling to regain confidence after a big refinery and terminal expansion project went awry two years ago, was this summer awarded choice acreage in the UK's 11th licensing round. The group is currently strengthening its UK organisation to implement a five-well exploration drilling programme which will last until 1991. Earlier this year Statoil acquired a 5 per cent stake in the southern basin Victor field.

Mr Harald Norvik, Statoil's president, last year introduced a sweeping reorganisation of the company into three divisions: exploration and production, marketing and refining and petrochemicals. He also implemented a cost cutting programme which aims to reduce by 1,500 its 11,000-strong workforce. Recent plans also call for a gas division to be created.

Overseas, the Norwegian end of the Statoil operation is likely to end up competing with its own London subsidiary, Statoil UK, as efforts to sell Norwegian gas to UK buyers increase at a time when Statoil UK is involved in competing in British gas fields. Statoil UK last year traded between 78m and 80m barrels of oil. This could double for the whole of 1989, of which about one-half is expected to be sold to the US.

Of the three companies Norsk Hydro has been the centre of least political discussion other than as a model of desired ownership. Its 2,500-strong oil and gas division is one of four main activities undertaken by the huge Norwegian conglomerate.

However, Mr Torvild Aakvaag, Norsk Hydro's president, when announcing the 1988 results, said that oil activities would play a diminishing role in the group's overall activities. Last December, four months

ahead of schedule, Hydro brought on stream its first oil field, Oseberg, which in July produced a daily average of 280,450 barrels. There are plans to develop several other minor discoveries in the vicinity of Oseberg.

In addition, a big gas injection programme, Togi (Troll-Oseberg Gas Injection) will come onstream in 1991 in which 25bn cubic metres of gas from the Troll East gas field, some 48 km away, will be injected in the Oseberg Alpha reservoir to enhance oil recovery by about 10 per cent, or by between 70m and 100m barrels. At a later stage, about 19bn cu m of that gas can be recovered from Oseberg.

Hydro has several other projects on the drawing board including the development of the small Brage oil field. It hopes to receive development approval from the authorities by spring next year. Hydro is also undertaking a seismic survey on its Sog-

nefjord oil discovery to determine where a new well will be drilled next year. The discovery has aroused considerable interest though Hydro will not be drawn on details until appraisal work is finished.

The third of Norway's oil groups, Saga Petroleum, has been surrounded by controversy. Norway's politicians, which secured Saga's existence and future by giving it an important oil field, Snorre, to develop last year seemed confused about that supporting role when a shadow was cast over the economics of developing the field. Questions were also raised about the necessity of having three domestic oil companies.

Saga became embroiled in a battle to prevent Total CFP of France from taking a majority stake in the company. Total was hoping to boost its Saga stake to 35 per cent though it was ultimately blocked.

More recently, contracts for the development of the Snorre field have begun to flow. The field is to be developed with a tension leg platform (tlp) similar to that being used by Conoco in the UK North Sea for its Hutton field.

Karen Fossli

## Twenty-five years ago...

- Soho's legendary Windmill Theatre finally closed its doors...
- Chelsea saw the opening of Britain's first boutique...
- The government levied a tax on imported goods...
- The nation's oil imports exceeded 448 million barrels...

...and Britain announced the first licence awards for North Sea oil and gas.

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OFFSHORE OIL 5

FABRICATION AND ENGINEERING

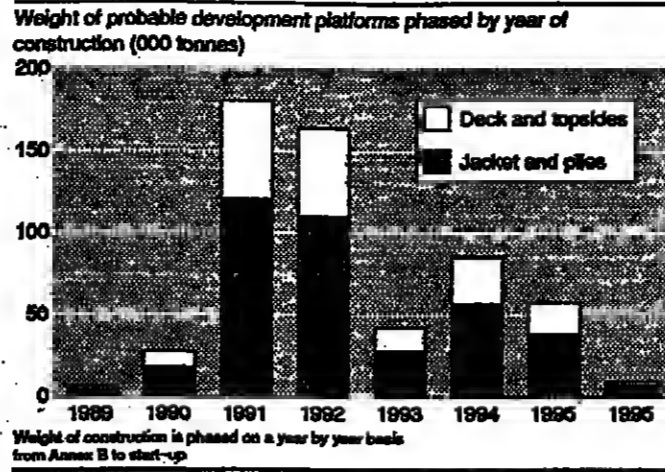
Leaner and fitter

THE UK offshore fabrication industry, which saw capacity utilisation shrink to just 23 per cent last year, is much more optimistic for the future but treating forecasts of capacity shortages with a pinch of salt.

1991 "markedly exceeds" capacity, it says. The UK Module Constructors' Association (MCA), predictably cool to the prospect of contracts going abroad, sees things rather differently.

7.5m man-hours in 1988 to some 20m man-hours by 1991. However, the 1991 capacity forecast still only amounts to 70 per cent of current capacity.

UK North Sea: Forecast fabrication workload



Weight of probable development platforms phased by year of construction (000 tonnes). Deck and topsides, Jacket and piles.

DRILLING CONTRACTORS

In choppy waters

THE North Sea mobile drilling rig business is again holding its breath in the hope that 1990 will at last see a significant market improvement.

tighten availability of third generation semi-submersibles in 1990 and beyond. Other factors which should fuel future mobile rig demand in the North Sea area include the impact of recent licensing rounds and problems with drilling in high pressure areas.

number of drilling rig companies have been through Chapter 11 proceedings and come out the other side. There have also been some takeovers such as the acquisition in the UK of most of the Houlder Group of drilling interests by the Swedish Stena Group.

In the jack-up market, utilisation rates of 100 per cent in the latter part of 1988 have since fallen back to about 85 per cent of actively marketed rigs this summer.

This may generate more new jack-up charters than semi-submersibles but the latter may be longer. Furthermore, recent problems of drilling in high pressure, high temperature areas in both the UK and Norwegian sectors have produced a backlog of delayed wells which operators will be trying to catch up on as and when new drilling guidelines are settled.

An innovative and complex transformation of Jelsens Drilling in the UK from a straight drilling company into Midland and Scottish Resources (MSR), a drilling and production company, has put flesh on the bones of a concept many have talked about for some time.

By June this year the decline in the semi-sub fleet from a fairly steady 83 last year to 32 brought it into line with the jack-up fleet in the area for probably the first time since 1980.

Just as the jack-up market was helped by rigs leaving it was later hurt by rigs moving in. Now the semi-sub recovery has started to attract incomers such as the Maersk Vinlander from Canada following the earlier exodus.

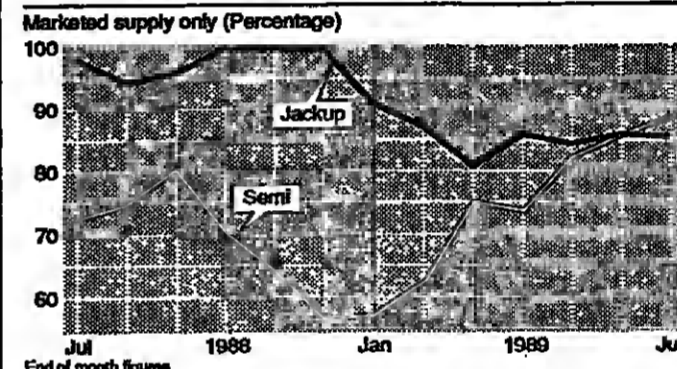
Against this background, and with a new semi-sub costing about \$150m, the prospects for new rig orders are thin. Nevertheless, with a declining world fleet - down to about 680 rigs by mid-August from about 705 a year earlier - there have again been warnings of possible big shortages of technically advanced rigs in the 1990s.

Coming from practically nowhere, Pearson has put together a substantial force in the services business, ranking seventh internationally in terms of overall revenues.

The group is betting not only on a gradual, if slow, recovery of the industry, but also on a trend towards deeper, hotter, and more corrosive drilling which will make use of more of its products and services.

Within the industry companies still strapped financially may not be rushing to fork out on new investment. But outside investors with money may have a different perception, seeing drill rigs as under-valued capital equipment with potentially improved prospects in future years.

North sea mobile rig fleet utilisation



DRILLING

Stuck in a deep trough

MORE than three years after the terrible phase in oil prices that sent the world's drilling service industry into a tailspin, the industry is still in a sorry state that is perhaps best expressed by the level of drilling rig activity today.

berger, Baker Hughes, and Dresser Industries, have left them able to operate effectively in this world of depressed environments, and they are positioned to gain when recovery eventually comes. "Basic profitability may not look good," says Mr Anthony Henry, managing director at Simmons & Company, a merchant bank specialising in the oil service field.

At the other end of the scale, however, are companies which either are big enough and are structured in such a way as to be able to introduce operating efficiencies, or which have a technological edge through which they can save money for the oil companies.

Some observers see a market polarisation between "super groups" or consortia with full or most turnkey capability at one end and small, highly specialised companies at the other, leaving more traditional design houses squeezed in the middle. With 1992 looming, there are

stretch for miles, to take well readings.

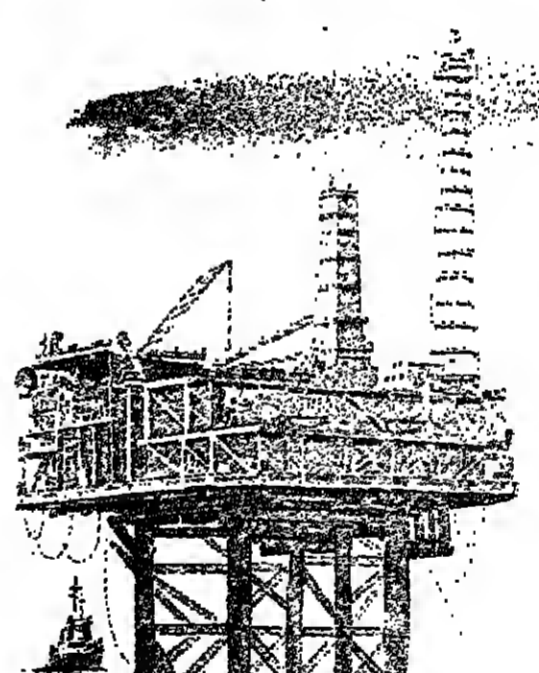
But the story has not just been one of scaling back and retrenchment. Pearson, the publishing and industrial group which owns the Financial Times, has taken advantage of the cheap prices of companies on offer to build up a substantial position in the industry through its Camco subsidiary. Camco capped off a string of eight acquisitions in five years last year with the \$315m purchase from TRW of Reda Pump, an industry leader in downhole submersible motors and pumps.

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FERRANTI INTERNATIONAL

FINANCIAL TIMES COMPANIES & MARKETS

Tuesday September 5 1989

J. TREVOR & SONS PROPERTY CONSULTANTS

INSIDE

Leadership ambitions drive Peugeot

France's Peugeot group might not have moved heaven, but it has shifted a huge amount of earth and even a river to bring into production its new 605 range of executive saloons announced today.

Pausing to admire the view

Investors stopped to take in the view from the higher slopes of the world's equity markets last week and share prices made very little progress in one of the steadiest weeks of the year.

Now for the hard part

The summer's fine weather made this year a harvest one of the easiest on record. In all but a few parts of the country the grain is safely gathered in.

GrandMet deal on the cards

Grand Metropolitan is expected to announce this week that it is selling either all or most of its Mecca and William Hill betting shops to Brent Walker, the drinks, leisure and property company headed by Mr George Walker (left).

Stores follow accounting trend

The UK accounting profession has been a hapless bystander as companies have taken advantage of accounting changes to manage their reported profits.

Bumpy ride ahead

The proposed leveraged buy-out of United Airlines through an Employee Stock Ownership Plan by a consortium of employees to manage employment and British Airways looks like flying into a political backlash against this tax-efficient form of employee ownership.

Market Statistics

Table with 2 columns: Metric and Value. Includes London share index, FT-100 index, etc.

Companies in this section

Table listing various companies and their share prices, such as ASW Holdings, Boral, etc.

Chief price changes yesterday

Table showing price changes for various companies like FRANKFURT, DEUTSCHE BANK, etc.

Table showing price changes for various companies like LONDON (Pence), AMERICAN INTL, etc.

Bowater offers £382m for Norton Opax

By Andrew Hill in London

BOWATER Industries, the packaging and industrial products group, yesterday launched a £382m (£800m) hostile bid for Norton Opax, the specialist print and packaging group, and a campaign to thwart Norton's unwelcome bid for De La Rue, the banknote printer.

When ploughshares turned into bayonets

Andrew Hill reports on how Bowater's hostile bid has transformed Norton Opax from predator into prey

In January, after Bowater Industries had surprised the City by spending about £70m (£110m) on a stake in Norton Opax, Mr David Lyon, Bowater's chief executive, was in a benign mood.

According to Bowater's lengthy preliminary statement, Norton's offer for De La Rue has "no commercial merit and exposes Norton Opax to high financial risk".

Nomura invites players to pay \$1.26m per shot at Wentworth

By Paul Cheswright in London

WENTWORTH, not quite but nearly the most hallowed of British golf clubs, comprising 800 acres in the smart stockbroker belt of Surrey, is being split up.

Eagle Trust chief brings in allies

By Philip Coggan in London

THREE NEW directors have been appointed to the board of Eagle Trust, the UK industrial holding company which is the subject of a Serious Fraud Office investigation.

because Norton has made a bid which isn't in the interests of its shareholders. He said the Bowater offer would not be increased unless a rival offer emerged.

Bankers Trust could not disclose information relating to Norton's future trading prospects, including likely sales growth and profit margins, or details of disposals and financial strategy.

Mr Lyon said yesterday: "We believe Norton was basically a series of small, strong businesses with good shares of good markets. We believed these companies would benefit from a closer association with us, improving the quality of our print and packaging core business."

Mr Lyon said yesterday: "We believe Norton was basically a series of small, strong businesses with good shares of good markets. We believed these companies would benefit from a closer association with us, improving the quality of our print and packaging core business."

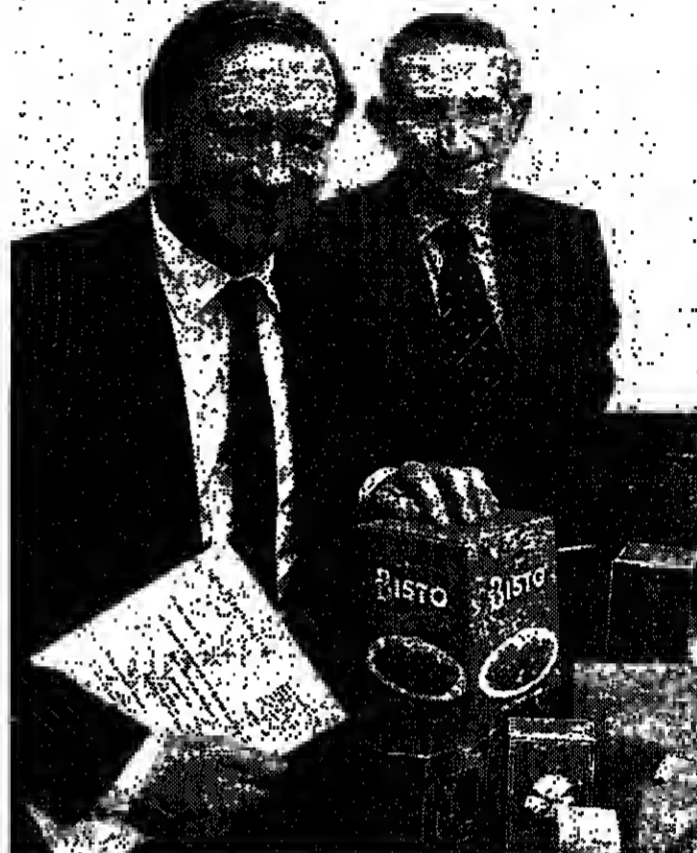
every four Norton ordinary shares. Preference shareholders are offered 159 new Bowater convertible preference shares and £318 in cash for every 400 Norton convertibles.

Adia in Swiss services merger

By John Wicks in Zurich

ADIA, the world's second largest employment agency, is to merge with fellow Swiss company Inspectorate International to form what it is claimed will be "one of the world's largest service groups."

One benefit of the merger is seen to lie in its "uniting the know-how of two largely complementary management teams."



David Lyon (left) and Norman Ireland, leaders of management team: keen to expand Bowater's printing interests.

business that it could be sold. But Bowater argues that its business form and cheque-printing network could distribute Norton products, while its position in the Far East and Australasia links with Norton's aim of developing a marketing platform in the area.

Precious Asset



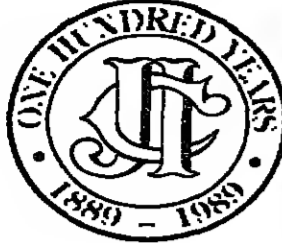
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Incorporated in the Republic of South Africa - Reg. No. 01/00429/06

## Highlights from the Consolidated Financial Statements For the Year Ended 30 June 1989 (Unaudited)

	1989 Rm	1988 Rm
Profit before taxation	405,9	322,7
Attributable Earnings	363,4	287,0
Share of retained earnings of associated companies	206,3	113,7
Equity accounted earnings	569,7	400,7
Ordinary Dividends	162,2	129,0
Earnings per share		
- Attributable earnings	4 929 cents	3 892 cents
- Equity accounted earnings	7 727 cents	5 434 cents

The annual report and Chairman's review will be posted to members on or about 25 September 1989.  
A Final Dividend (No. 127) of 1 500 cents per share has been declared payable to shareholders registered on 29 September 1989. Date of payment will be 23 October 1989. (Currency conversion date 9 October 1989.)  
Holders of shares who are unable to attend should apply to the company to be published on or about 10 October 1989.

4 September 1989

The full text of the financial statements will be posted to shareholders and copies can be obtained from the London Secretaries, Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE.

### INTERNATIONAL COMPANIES AND FINANCE

# Melco spurns feudalism for globalisation

Ian Rodger on Mitsubishi's progress under the guidance of its president Moriya Shiki

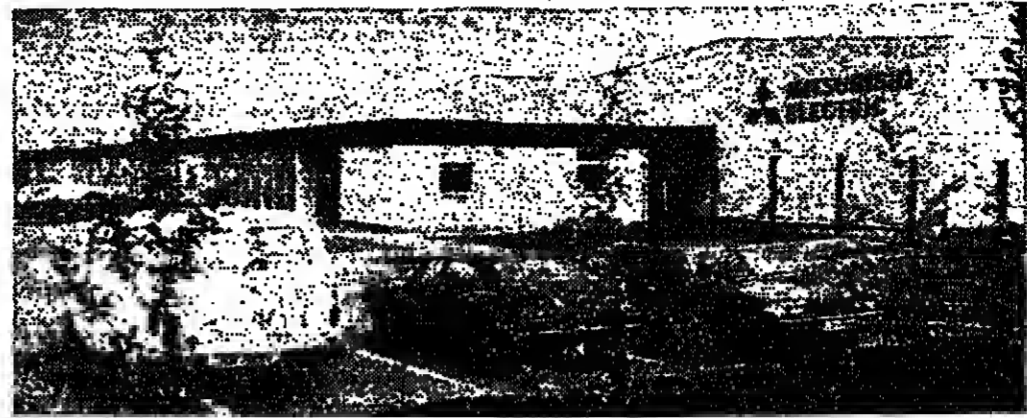
Anyone seeking to capture the mood of Japanese industry could do worse than talk to the leaders of Mitsubishi Electric (Melco), shares in which will begin trading on the International Stock Exchange in London this morning.

The sprawling, diversified Melco has the merit of being involved with some of the most glorious elements of Japanese industry - advanced consumer, industrial and military electronics - and some of the most dreary, such as heavy electrical machinery. As Japan's top producer of defence electronics and one of the big semiconductor makers, it has been in the thick of recent trade disputes with the US, and as a builder of nuclear reactors, it is, for the first time, feeling the sting of dissent at home.

The man presiding over this conglomerate is Mr Moriya Shiki, an engineer who joined Melco in 1947 but who still exudes the enthusiasm of a recruit. Mr Shiki is credited with carrying out something of a revolution at Melco since becoming president in 1985. Until then, the group was noted for its near-feudalistic behaviour, clinging to its old Mitsubishi *zaibatsu* contacts to win sales rather than being deferent to customers.

Melco then was conspicuously the least successful of the three mighty Japanese electrical groups. Hitachi's Y244bn (\$1.7bn) in consolidated pre-tax profits in the year to March 1987 was more than six times larger than Melco's Y38.7bn, while Toshiba's Y78bn was double that of Melco.

Mr Shiki has directed the group to concentrate on higher value-added products, especially in the information and communications industries; on increased importing of low-cost components for Japanese factories; and on the development of an overseas network of product centres. "Our greatest global marketing challenge is



Melco's VCR plant in Scotland, where it plans further expansion

to complete the construction of an efficient international manufacturing and sales network," he wrote in the group's annual report last year.

Melco now has four plants in the US making televisions, automotive parts and semiconductors, two factories in Scotland making televisions and video cassette recorders and other plants in Canada and Singapore. It has joint ventures making compressors for air conditioners in Thailand and for making light bulbs in Japan.

It has just announced plans to invest \$2.7bn (£1.7bn) in an expansion of the Scottish VCR plant and is about to begin production of mobile telephones in France. A semiconductor plant in Europe is under study.

The results of this effort are beginning to show through. According to Mr Shiki, exports have declined from 20 per cent of sales in 1984 to 21 per cent last year, but overseas sales have been rising rapidly. On the *zaibatsu* front, sales to Mitsubishi group companies accounted for only 8.5 per cent of turnover last year and purchases from other group companies amounted to 5.7 per cent of total purchases. Also, by last year Melco had closed the profit gap a bit, achieving

Y131.6bn in pre-tax profits, against Hitachi's Y494.8bn and Toshiba's Y234.8bn.

In an interview at the group's offices in Tokyo's Marunouchi district, Mr Shiki talked about the group's problems and prospects.

He was particularly pleased with the group's progress overseas. Building a chip plant in North Carolina was a huge effort and the television and VCR plants in Scotland had come along rapidly.

He was less pleased about trade relations with the US. Melco was hoping that the signing last year of a US-Japan agreement on technology exchanges in the defence area would open the way for new sales growth. Until now, it has been able to sell its defence electronic products only in Japan because of a Japanese government prohibition on exports of military equipment. But in the wake of the recent row with the US over development of Japan's new FSX fighter aircraft, Mr Shiki has become pessimistic. "Although we want to make sophisticated products, will the US want us to do so?" he asked.

Mr Shiki seemed unwilling to give any ground on the current US complaints about the difficulty foreign producers

development.

The emergence of a strong anti-nuclear power movement in Japan in the past two years has also taken him by surprise. "The opposition movement is backed up by women's power. It is emotional and does not understand logic. It is a very difficult situation. Aside from nuclear, there are no other large sources of energy. We have no alternative but to explain this patiently. This is a new situation, especially for private-sector companies."

On the other hand, he is totally committed to the campaign to eliminate chlorofluorocarbons. Melco relies heavily on freon both in the manufacture of refrigerators and as a cleaning agent in the production of semiconductors. "Fortunately, our company had been investigating new ways of washing chips and we have recently announced a new method using ice particles. We intend to use it for our own manufacturing and others are asking us for the rights to use it. As for substitutes for freon in refrigerators, the problem is cost. For chips, we can fully substitute by 1991. As for our total usage, we can halve our dependence by 1988 and rid it by 1995."

Melco is expecting another year of strong profit growth, although not at the spectacular levels of the past two years. One reason is that semiconductor prices have come off the boil as production capacity has grown. However, Mr Shiki was optimistic that the cyclical excesses of the past would not be repeated.

"Four years ago, we suffered tremendously because of excessive competition. All manufacturers now are very cautious. Our view is that we should produce to match demand in the market. Instead, we are preparing for making new chips. I believe other top manufacturers are thinking in the same way, so we should be able to avoid the problems of the past."

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# Sime Darby raises profits by 65% to 339m ringgit

By Lim Siang Hoon in Kuala Lumpur

SIME DARBY, Malaysia's largest listed company, has announced its results, showing improvement in its businesses for the year ended June, with a 25 per cent increase in turnover to 4.2bn ringgit (\$1.6bn). After-tax profit rose 65 per cent to 339.4m ringgit.

Palm oil and rubber, which fetched better prices, boosted the group's plantation division pre-tax profit by 39 per cent to 131m ringgit. But as a share of the group's overall pre-tax profit of 505.3m ringgit (against 308.3m ringgit in 1988), plantation's contribution fell to 26 per cent from 30 per cent. However, it remained the group's biggest business.

Within the group, investment and interest income showed the biggest rise, to 72.3m ringgit from 31.1m ringgit. Sime Darby said this was largely because of the dividend from its 7.4 per cent stake in Harrison and Crosfield, acquired in June 1988.

Tractors Malaysia, a Sime subsidiary handling heavy

equipment and vehicles, was another big contributor. Profitability there kept 76 per cent to 65m ringgit.

Of Sime's overseas operations, Hong Kong, at 30.4m ringgit against 60.1m ringgit, brought in the biggest amount - trading there is also mainly in vehicles and heavy equipment.

Singapore contributed 50.4m ringgit against 28.2m ringgit last time; the Philippines, 13m ringgit compared with 16.2m ringgit; and Australia 4m ringgit against 2.4m ringgit.

The lower profit in the Philippines was attributed to a strike at its tyre factory.

The group's profit attributable to shareholders was 270.8m ringgit, up 78 per cent, while earnings per share were 21.6 cents compared with 14.5 cents last time. A final gross dividend of 13 cents, up from 10 cents, makes 17 cents for the year against 14 cents. The group is also proposing a bonus issue of one share for every two held.

## Domestic demand boosts Sekisui

SEKISUI HOUSE, Japan's top prefabricated housebuilder, lifted unconsolidated pre-tax profits in the first half to Y33.5bn (\$231m) due to vigorous domestic demand. AP-DJ reports from Tokyo.

Sales grew 14.5 per cent to Y406.8bn. Net earnings were Y31.7bn per share, up from Y24.5bn.

Company officials traced the sales and earnings gains to

robust demand for new housing in Japan amid the sustained economic expansion. Though housing starts in the first half slipped below the year-earlier levels, they remained strong.

As the economy continues to expand, Sekisui House expects to do much better in the full year. It sees pre-tax earnings climbing to about Y70bn from Y54.8bn and net profits rising to Y33bn from Y24.02bn.

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New Issue, September 5, 1989

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FLOATING RATE NOTES  
DUE 1996

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period 6th September, 1989 to 6th December, 1989 the Notes will bear interest at the rate of 9 1/8% per annum.

The Coupon amount per U.S. \$100,000 Note will be U.S. \$230.66.

The Interest Payment Date will be 6th December, 1989.

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Floating Rate Loan Notes Due 1996 (Series A)

Interest Rate 14.06%

Interest Period 2nd August 1989 to 2nd September 1989

Interest Amount per £100,000 Note per annum will be £ 65.92

Calculator Note 2389-34

Credit Union First State Limited  
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First Chicago Overseas Finance N.V.  
U.S. \$100,000,000  
Guaranteed Floating Rate Subordinated Notes due 1994

For the three months 31st August, 1989 to 30th November, 1989 the Notes will carry an interest rate of 9 1/2% per annum with a coupon amount of U.S. \$232.24. The relevant interest payment date will be 30th November, 1989.

Listed on the London Stock Exchange

Bankers Trust Company, London  
Agent Bank

EAST RIVER SAVINGS BANK  
East River Savings Bank  
U.S. \$100,000,000 Collateralized Floating Rate Notes due August 1993

For the three months 31st August, 1989 to 30th November, 1989 the Notes will carry an interest rate of 9.05% per annum with an interest amount of U.S. \$7,287.64 per U.S. \$100,000 Note, payable on 30th November, 1989.

Bankers Trust Company, London  
Agent Bank

National Australia Bank  
National Australia Bank Limited  
U.S. \$50,000,000  
Floating Rate/High Initial Spread Notes due 1993

For the six months 31st August, 1989 to 28th February, 1990 the Notes will carry an interest rate of 12 3/4% per annum with an interest amount of U.S. \$628.47 per U.S. \$100,000 Note.

Bankers Trust Company, London  
Agent Bank

INTERNATIONAL CAPITAL MARKETS

W German savings banks back plan for central unit

By Haig Simonian in Frankfurt

THE long-awaited rationalisation of West Germany's public-sector banking system has moved one step closer with the decision by the German Savings Bank Association to accept the findings of a report on structural change commissioned by McKinsey, the international management consultants.

The report, accepted almost unanimously, recommends that the country's 584 savings banks and 11 Landesbanken (state banks), which conduct wholesale banking business for the savings banks, establish one central wholesale banking institution to help them remain competitive after the inauguration of a free internal market in Europe after 1992.

The new institution, if it comes about, will be formed from the Landesbanken and Deutsche Girozentrale - Deutsche Kommunalbank (DGZ), the small Frankfurt-based wholesale bank which is

jointly owned by the Landesbanken and regional savings banks associations. According to early indications, the DGZ could play a central role in the new unit.

Soundings on the recommendations will now be taken around the country, with a final decision due when the Savings Bank Association and DGZ hold their general meetings on December 14.

The savings banks have also accepted another of the report's suggestions that they should work more closely with other European savings banks to prevent their customers drifting away to Germany's private-sector financial institutions, which tend to be better represented abroad.

However, while acceptance of the report indicates a greater recognition among Germany's savings banks on the need for change, there is still considerable doubt as to whether its findings will be implemented.

Opposition is likely to be voiced by both state governments and senior management at many Landesbanken, which will be most affected by the report's conclusions. So far, only two Landesbanken do not have their state government as a large shareholder. Elsewhere, state governments own at least half the shares, and many will be reluctant to give up their stakes, especially as Landesbanken often have an additional function as a channel for regional investment policy.

Meanwhile, senior management at some Landesbanken, notably the two biggest, Westdeutsche Landesbank and Bayerische Landesbank, based in Düsseldorf and Munich respectively, may be distinctly lukewarm about the new proposals.

Both banks have invested heavily in expanding their services and becoming more competitive, and may well be reluctant to see their efforts nullified in a new, probably Frankfurt-based, institution.

ASC chief defuses location row

By Chris Sherwell in Sydney

THE HEAD of the Australian Securities Commission (ASC), the country's new stock market watchdog, has scuttled a dispute between Sydney and Melbourne over the agency's location by deciding to work out of Sydney but ruling out a formal headquarters.

Mr Tony Hartnell, the ASC's chairman, said he had told both the Victorian and New South Wales Governments that the philosophy of decentralisation and the reality of Australian business required a high presence in both cities.

that the agency needed a structure which allowed its chairman to come from or reside in either Melbourne or Sydney. He intended to have his own office in Sydney, "but I cannot and will not seek to bind my successor".

He said it was "imperative that the other full-time members of the ASC (a minimum of three persons) be distributed as evenly as possible between Sydney and Melbourne."

His comments mean that he has turned down an offer from the Victorian Government to establish the ASC's headquarters

in Melbourne in return for the full facilities of the state's Corporate Affairs Commission.

Under the new system, which is due to come into effect next July, the ASC will replace the existing National Companies and Securities Commission (NCSC) and the state-level Corporate Affairs Commissions.

Four Australian states, including New South Wales, are challenging the plan in the High Court. The states are questioning the federal Government's power to legislate in this area.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, September 4, 1989. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Table with columns: COUNTRY, £ STG, US \$, D-MARK, Yen (100), and COUNTRY, £ STG, US \$, D-MARK, Yen (100). Lists exchange rates for various countries including Argentina, Albania, Algeria, Andorra, Angola, Antigua, Argentina, Aruba, Australia, Austria, Azores, Bahamas, Bahrain, Bangladesh, Barbados, Belgium, Belize, Benin, Bermuda, Bolivia, Botswana, Brazil, Brunei, Bulgaria, Burma, Cambodia, Cameroon, Canada, Cayman Is., C.C. Republic, C. Verde, Chile, China, C.I. Rep., Colombia, Costa Rica, Cuba, Cyprus, Czechoslovakia, Denmark, Djibouti, Dominica, Dominican Rep., Ecuador, Egypt, El Salvador, Ethiopia, Falkland Is., Faroe Is., Fiji, Finland, France, Fr. Polynesia, Gabon, Gambia, Germany, Ghana, Greece, Greenland, Grenada, Guadeloupe, Guam, Guatemala, Guinea, Guyana, Haiti, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Iran, Iraq, Israel, Italy, Jamaica, Jordan, Kuwait, Laos, Lebanon, Lesotho, Liberia, Libya, Luxembourg, Macao, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Micronesia, Monaco, Mongolia, Mozambique, Namibia, Nepal, Netherlands, New Zealand, Niue, Nigeria, Norway, Oman, Pakistan, Papua New Guinea, Paraguay, Peru, Philippines, Pitcairn Is., Poland, Portugal, Puerto Rico, Qatar, Reunion, Romania, Rwanda, S. Africa, St. Christopher, St. Helena, St. Kitts, St. Lucia, St. Vincent, San Marino, Sao Tome, Saudi Arabia, Senegal, Seychelles, Singapore, Solomon Is., Somalia, South Africa, Spain, Sri Lanka, Sudan, Suriname, Swaziland, Sweden, Switzerland, Syria, Taiwan, Thailand, Timor, Trinidad, Tonga, Uruguay, USA, USSR, Venezuela, Vietnam, Virgin Is., Wallis & Futuna, Western Samoa, Yemen, Yugoslavia, Zaire, Zambia, Zimbabwe.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns: US DOLLAR, Change in Yield, and YEN STRAIGHTS, Change in Yield. Lists various international bonds and their yields.

TRADE INDEMNITY 01-739 4311 OVERDUE ACCOUNTS COLLECTION

EUROPE AND THE NORDIC COUNTRIES STOCKHOLM 9 & 10 OCTOBER 1989

- Speakers at this important conference are: The Rt Hon Denis Healey, CH, MBE, MP; Mr Kjell-Olof Feldt; Mr Niels Helveg Petersen; Mr Jonas Gahr Støre; Mr Kalevi Sorsa; Mr Thorsteinn Olafsson; Dr Anders Åslund; Mr Paavo Rantanen; Mr Harald Norvik; Mr Bo C E Ramfors; Mr Gerhard Heiberg; Mr Anders Ljungh; Sir Michael Butler; Mr Martin Waldenström.

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Substantial progress is being made in establishing Lifecorpus Limited and its subsidiaries as important new platinum producers. The mine at Brits has come into production and the first sales of platinum have been effected. More closely reflect its affiliation with the holding company, Barplats Investments Limited, the name of Lifecorpus will shortly be changed to Barplats Mines Limited.



UK COMPANY NEWS

Emess tops £8m in first half with 82% advance

By Clare Pearson

EMESS, the lighting and electrical accessories group, increased pre-tax profits by 82 per cent from £4.5m to £8.2m on turnover up from £39.9m to £57m in the half-year to end-June.

Fully-diluted earnings per share advanced by a more modest 18 per cent to 3.9p (3.3p), while an interim dividend of 1.2p compares with 1p last time.

Commercial lighting acquisitions during the period included JSB Electrical, the emergency lighting company acquired for £25m in March. The company's stake in Brillantleuchten of West Germany was raised from 54 to 77 per cent in April. In July, Ecotec, a French commercial light fittings maker, was bought for £5.5m.

The split of pre-tax profits was about 20 per cent for electricals with the lighting division making up the balance. The company made about 20 per cent of its sales in North America, 9 per cent in the Pacific Basin and 25 per cent in continental Europe. The UK accounted for the rest. Just four years ago, all Emess' businesses were based in the UK.

Within the lighting division, the commercial and emergency lighting companies performed

strongly. Emess stressed that in a flat UK market for decorative lighting, its sales were up by 6 per cent. The market for



Michael Meyer continued to look for acquisitions.

decorative lighting remained strong in the US and West Germany.

On Tenby, the UK electrical concern, Emess remarked that export orders were likely to prove a substitute if domestic business slowed during the second half. Elsewhere in the world, Singapore was unlikely to maintain profits in a difficult market.

Mr Michael Meyer, chairman, said the acquisition announced in July of a 4.9 per cent stake in Genlyte, a leading lighting company in the US, was "purely a trade investment". But he added that Emess continued to look for acquisitions around the world, and they were likely to be made for cash, he said.

COMMENT

Even though Emess is at pains to stress its international geographical spread and much diminished involvement in the British consumer lighting market, the shares are still haunted by retail sales and house market-related worries. Assuming the company makes £21.5m worth of pre-tax profits this year, they now stand on a prospective p/a of about 13.5, which is an extremely low premium to the market by Emess' standards. These results indicated that the company was continuing to perform well. It does, for instance, appear to be winning market share in the depressed UK decorative lighting market, while benefits from restructuring of earlier acquisitions in the US and West Germany are showing through. However, the shares are likely to be dull in the absence of a more optimistic interest rate environment.

Ben-Zur family sells all but 2.2% of PWS

By Clay Harris

THE FAMILY of Mr Ronnie Ben-Zur, former chief executive of PWS Holdings, has sold all but 2.2 per cent of its 40.4 per cent stake in the Lloyd's insurance broker.

The disposal, ending 13 months of uncertainty, was welcomed yesterday by Mr Malcolm Pearson, who became chairman and chief executive of PWS in September 1988.

"It's been our biggest single trading handicap, and that has now been removed," Mr Pearson said from Monte Carlo, where he is attending the reinsurance industry's autumn conference.

Mr Ben-Zur, chief executive of PWS for two years, resigned abruptly in August 1988 after the extent of losses at Glenn Nyhan & Associates, a Californian insurance broker, had emerged.

PWS took a £4m provision in its profit and loss account

against the entire cost of the acquisition.

As a result, PWS's pre-tax profits fell from £7.2m to £1.65m in 1988, although the interim results for 1989 exceeded forecasts at £1.78m.

Opticford, an offshore company controlled by the Ben-Zur family, sold 8.2m shares at just below Friday's market price of 57p. The shares, which peaked at 56.5p in February 1985, were unchanged yesterday.

Most of the shares, a 29.1 per cent holding, were bought by Jupiter Tarbutt Meritt, the investment management group, on behalf of discretionary clients. Mr John Duffield, JTM chairman, described the purchase as a "totally passive investment" and an "interesting long-term speculation".

Mr Pearson said the other 2.2m shares were sold to Municipal General Insurance and Aitken Hume Bank.

BOARD MEETINGS

Table listing board meetings for various companies including ASDA, ASDA Properties, ASDA Food, ASDA Leisure, ASDA Retail, ASDA Services, ASDA Technology, ASDA Training, ASDA Transport, ASDA Utilities, ASDA Wholesale, ASDA World Wide, ASDA World Wide (USA), ASDA World Wide (UK), ASDA World Wide (Canada), ASDA World Wide (Australia), ASDA World Wide (New Zealand), ASDA World Wide (South Africa), ASDA World Wide (Asia), ASDA World Wide (Europe), ASDA World Wide (Africa), ASDA World Wide (Oceania).

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NEWS DIGEST

Porvair down but pays 0.9p

THE first half profit decline at Porvair, maker of microporous synthetic materials, was just over 12.5 per cent, from £460,000 to £402,000, but the directors have declared a hidden interim dividend of 0.9p. They warned of a reduction early last month, and confirmed yesterday that the second half was unlikely to produce the usual bulk of the year's business. Remedial action had been taken and benefit was expected to flow through in 1990. Despite the temporary setback the directors were confident in the future. Turnover in the half year fell to £6.31m (£5.73m) and operating profit to £517,000 (£572,000). Earnings were 3.3p (4.8p). Porvair joined the USM in May 1988. The dividend for that year was 1.8p but would have been 2.7p if the quote had covered the whole year. Profit was £1.35m.

cables rose 35.5 per cent to £44.88m (£33m) and the directors felt there were encouraging signs for the rest of 1988. Profits should exceed the £5.8m of 1988, they said.

In May, Unidare withdrew from the loss-making transformer business at Fingiss and has provided an extraordinary loss of £360,000. Earnings came to 10.55p (12.52p) and the interim dividend is 3.55p (3.35p).

Caird waste buy for £1.8m

Caird Group, where, since acquisitions in 1988, the principal activity is environmental services, has acquired a further three waste disposal businesses for an aggregate £1.7m. Catwick Landfill in Humberside, has been bought for £405,000 cash. In the year to May 1989 it made pre-tax profits of £267,000 on revenues of £290,000. Caird has acquired Rochdale-based Birchley Waste Management for £300,000, satisfied by the issue of 27,422 ordinary and £30,000 cash. And in Cambridgeshire, the company has bought Res Skip Hire for £850,000 cash.

Arnotts profit expands midway

Arnotts, the Dublin-based department store operator, lifted pre-tax profits from £279,000 to £382,000, or £229,000 sterling, in the six months to July 31. Turnover edged ahead from £21.5m to £21.58m. Earnings per share rose to 5.2p (4.50p) after tax up £10,000 at £378,000. The interim dividend is maintained at 4.5p. Though sales from the retail activities increased by 4 per cent, in the wholesale division they declined and a loss was incurred. The company said it was too early to predict sales trends in the second half.

Ramco trebles to £463,000

Recovery is continuing at Ramco Oil Services, the USM-quoted energy services company, with the announcement of trebled profits in the first half of 1989. The company made pre-tax profits of £463,000 (£150,000) in the six months to end-June. In the year to December 31 1988 it suffered losses of £1.54m. Turnover in the latest period was 89 per cent ahead at £2.46m (£1.78m) and earnings almost quadrupled to 2.35p (0.61p). The company has not paid a dividend since 1986, but Mr Stephen Kemp, chairman, said he was "hopeful of positive news during the next financial year".

Murray Income net assets rise

Murray Income Trust increased net asset value from 224.1p to 286.4p per 25p share in the year ended June 30 1989. Net available revenue climbed from £5.98m to £7.48m for the 12 months. Earnings were 9.04p (7.25p) or 8.94p (7.15p) assuming full conversion of the 'B' ordinary. The final dividend is 4.7p, against a forecast of 4.3p, making a total up from 7.1p to 8.2p. 'B' holders receive a scrip issue of 4.03489 for every 100 held. In addition, the directors forecast a final of 8.98p for the current year, which with the already foreshadowed 5.64p interim, will produce a 10 per cent rise in 1989-90.



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UK COMPANY NEWS

Simply a question of bending the rules

David Waller on the practices employed by stores to massage their reported profits

THE STORES sector has underperformed the stock market by 37 per cent since the beginning of 1985. There are sound industrial reasons for this - not least a profits performance grossly impaired by massive overcapacity and competition - but one important factor in the derating process is a concern over the quality of the accounts produced by retailers.

The accountancy profession has stood helplessly on the sidelines as companies - often assisted by ingenious merchant bankers - have taken full advantage of every accounting ambiguity to massage their reported profits. Rarely are laws broken or accounting standards flouted - it is simply a question of bending the rules.

Perhaps the area of greatest concern is acquisition accounting, an issue of enormous com-

plexity on which the Accounting Standards Committee - the standards-setting body for UK companies - is deliberating at the moment.

Other grey areas include: the capitalisation of interest, necessary expenditure.

Now the finance director is a facilitator: the board decides what to do and he finds a way of doing it with minimum impact on earnings per share.

One of the most obvious ways of avoiding earnings dilution is to take the costs associated with an acquisition through the balance sheet rather than the profit and loss account, as is permitted under the rules governing acquisition accounting.

Take a simple example: company A spends £100m buying company B, which has assets of £30m. The difference between the two figures is goodwill of £70m. Under a process called "fair value accounting", the whizz-kid finance director sets up a \$5m provision to cover the costs likely to be incurred in the aftermath of the acquisition. The £5m net asset value falls to £25m while goodwill goes up to £75m. The goodwill is written off against reserves; the \$5m provision sits on the Company A's balance sheet.

In the year after the acquisition, costs are charged against the provision rather than against the P&L. Earnings per share are bolstered, the take-over vindicated and another one lined up. Meanwhile, the stock market remains in the dark about precisely what costs were provided for: did they cover redundancy costs arising as a direct result of the acquisition or refurbishment costs which would have been necessary - in the increasingly competitive retail world - whether the acquisition had gone ahead or not.

(The fair value process also allows for the adjustment of asset values. This is very much open to abuse in the stores sector, given the importance of the acquisition or refurbishment costs which would have been necessary - in the increasingly competitive retail world - whether the acquisition had gone ahead or not.)

Better disclosure requirements would have helped: it was only in July of this year that the Accounting Standards Committee came out with a ruling requiring companies to disclose the make-up of the provisions and to detail the amount of goodwill arising on an acquisition. Also required are details of adjustments - made under the fair value process - to the assets and liabilities of the company acquired.

Other ways for the finance director to beef up profits range from raising finance off balance sheet to treating refurbishment costs as extraordinary rather than exceptional so that they do not impinge on earnings per share.

"The sector has only recently discovered design," observed Mr Richards. "Competitive pressures mean that

identified as such in Company A's accounts even if it is hidden under a caption such as trade creditors. Similarly, releases from the provision to the profit and loss account have to be disclosed if they are material

new formats have to be introduced every three or four years rather than every decade or so. In other words, costly refits are a fact of business life and it seems unjustifiable to say that they are in any way out of the ordinary and treat them as extraordinary or even exceptional."

He pointed to one company - once the darling of the stock market and now something of an investment pariah which delighted the City by making very fast returns on new formats. "It was no coincidence," he said, "that all these projects were started in the last month of a financial year. The start-up costs - and more besides - fell into one accounting period while all the revenues fell straight through to the P&L in the next."

Mr John Smith, an analyst at UBS Phillips & Drew, objects to the way in which some companies juggle the profits arising from property sales. "The market is sophisticated enough to discount straight property sales," he said. "But development profits are given a better rating as though they are of better quality. Often all that happens is that the building is transferred to the development division and given a lick of paint before being sold off as a development."

Accounting ambiguities are clearly not the only reason behind the stores sector's lousy performance. But they clearly helped stimulate an atmosphere of uncertainty and mistrust among investors and a steady deterioration in the perceived quality of the earnings emanating from the retailers.

What seems to be required is (a) more disclosure and (b) tougher enforcement of what rules there are. With its rules on goodwill disclosure the ASC has moved - albeit rather belatedly - towards the former. A general tightening of the standards setting process was set in motion by the proposals made by the Dearing committee last autumn.

Unfortunately, the introduction of the new regime - which envisages a Financial Reporting Council independent of the accounting profession - is being held up by squabbles between the Government, the profession, the Stock Exchange and companies over who exactly should pay for such a luxury.

Now the finance director is a facilitator: the board decides what to do and he finds a way of doing it with the minimum impact on earnings per share

Brierley has 7.5% stake in Hogg

IEP Securities, the UK investment vehicle of Sir Ron Brierley, the Newcastle businessman, yesterday disclosed a 7.54 per cent holding in Hogg Robinson, the travel, transport and financial services group.

The company has been buying the shares for the past five months. It was forced to disclose the holding when it moved above 5 per cent through the recent purchase of a block of shares representing about 2 per cent of the capital. Hogg Robinson shares rose 4p to 155p yesterday, following the announcement of the IEP holding, capitalising it at £106.8m.

Ewart shares fall as talks end

By Andrew Bolger

Shares in Ewart, a property developer based in Belfast, fell 13p to 123p after it announced that talks about a possible offer have ended. The price jumped 23p to 142p a fortnight ago on news of the approach.

It came from two individuals who were mainly interested in the value of the company's stock market listing and the development value of its cold storage operation in Kent.

This business, based on a 17-acre freehold site at Sevenoaks, was bought for 26m in May 1988.

Lowndes sales improvement

Mr James Gulliver, chairman of Lowndes Queensway, had encouraging words on trading at the retailer's extraordinary general meeting yesterday.

He said cooler weather had led to an improvement in sales in recent weeks, and a national sale of furniture and carpets had got off to a good start.

Mr Gulliver also said that 28 refurbished Carpetland stores were showing trading gains. The meeting approved the £18.5m rights issue, which was announced last month as part of a refinancing package. Lowndes shares closed 3p higher at 29p.

**GRANVILLE SPONSORED SECURITIES**

High	Low	Company	Price	Change	div 12m	Yield %	P/E
341	295	Asst. Brit. Ind. Ordinary	340	0	10.3	3.0	9.2
38	28	Armitage and Rhodes	30	0	2.1	5.1	9.8
47	25	B2B Design Group (US\$)	40	0	4.3	2.2	19.1
210	149	Bardon Group (USD)	197	0	6.7	5.4	-
123	105	Barco Group Co. Prof. (S&P)	125	0	5.9	6.5	8.1
123	91	Gray Technologies	91	0	11.0	10.5	-
104	100	Brenhill 8 1/4% New C.C.R.P.	104	0	11.0	10.6	-
305	285	CCL Group Ordinary	290	0	14.7	8.6	-
174	148	CCL Group 1 1/4% Cum. Pref.	171	0	7.6	3.5	12.9
220	140	Carbo Pte (S&P)	220	0	10.3	9.4	-
110	109	Carbo 7 3/4% Pref (S&P)	110	0	-	-	-
7.5	3.225	Mopet GP Non-Voting A Co*	3.5	0	-	-	-
5	1.125	Mopet GP Non-Voting B Co*	1.5	0	-	-	-
130	114	Isis Group	128	0	8.0	6.3	7.3
145	96	Jackson Group (S&P)	117	0	3.6	3.0	13.5
322	261	MultiHouse NV (S&P)	290	-5	10.0	6.5	5.6
155	98	Robert Jenkin	155	0	18.7	4.0	12.4
467	403	Scrivens	463	0	9.3	3.2	10.1
290	270	Tendry & Carlisle	290	0	10.7	9.8	-
117	100	Tendry & Carlisle Cum Pref.	109	0	10.7	9.8	-
122	92	Trean Holdings (US\$)	105	0	2.7	2.6	11.3
134	106	Unitrust Europe Cum Pref.	124	0	8.3	6.9	-
392	352	Warebury Drug Co. Ltd.	385	0	22.0	5.7	9.4
370	327	W.S. Yates	335	0	16.2	4.8	27.9

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Ordinary shares of 25p each	30,800,000	15,400,000	46,200,000
5 per cent. Cumulative Preference stock	900,000	Nil	900,000
Warrants	Nil	9,240,000	9,240,000

Following the approval by shareholders at an Extraordinary General Meeting, held on 1st September, 1989, of a change in the investment policy of the Company, an increase in the authorised share capital, a capitalisation issue of Ordinary shares and a bonus issue of Warrants, details of the issued share capital of the Company end the number of Warrants outstanding are set out above.

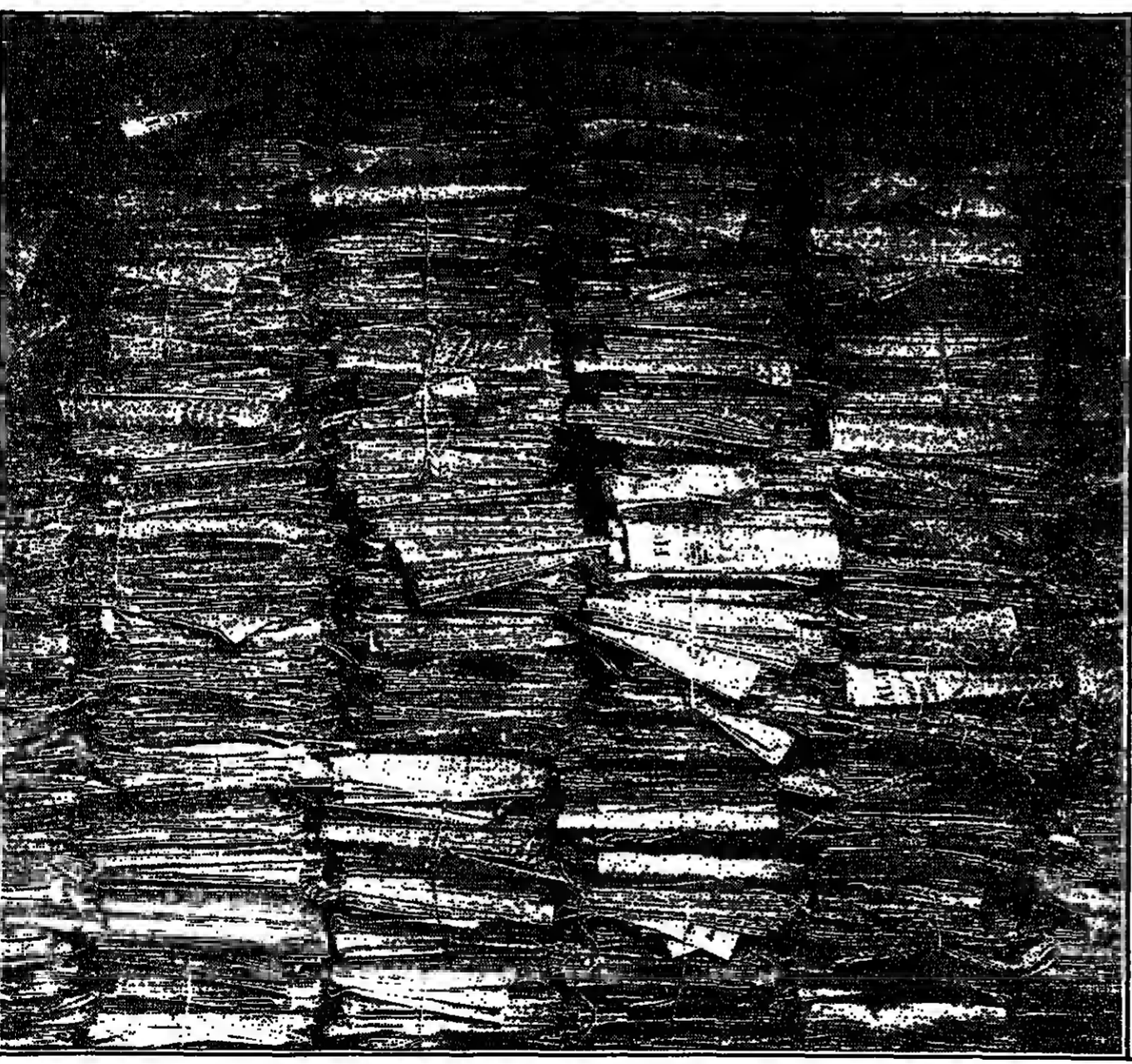
The Council of The Stock Exchange has admitted the shares issued by way of capitalisation and the Warrants to the Official List.

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LONDON STOCK EXCHANGE

Equity gains extended in thin trade

THE NEW equity Account in the UK stock market, which also effectively marks the City's return to work after the Summer holidays, opened in good form yesterday, with the FT-SE Index continuing to move nearer to the all-time high recorded in July 1987.

Account Dealing Dates table with columns for dates and descriptions.

in the equity market, which took the FT-SE Index ahead by another 11.7 points to 2,419.2, about 24 points short of the all-time peak.

seller of the FT-SE futures contract, active last week, was absent from the London International Financial Futures Exchange yesterday.

Goldsmith camp. Across the broader range of UK stocks, however, speculative interest was sustained by a £32m bid for Norton Opax from Bowater and by plans for Grand Metropolitan, the UK drinks and retailing group, to sell its betting shops.

Welcome for GMet plans

A leisure and brewery sector already returning towards its peak levels for the year continued to perform strongly yesterday.

The decision by Grand Metropolitan to sell its Mecca and William Hill betting shops, valued by City analysts at upwards of £600m, was regarded in the stock market as an astute move by the UK drinks and retailing group.

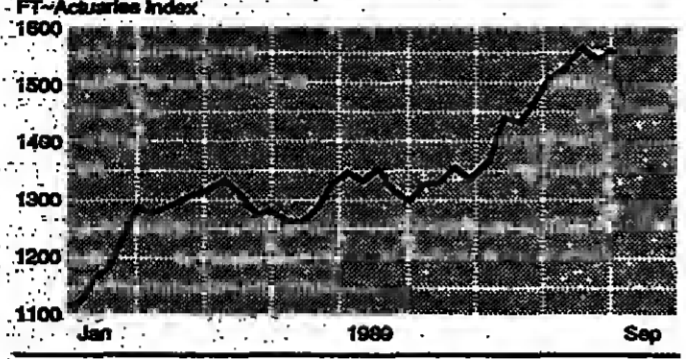
GrandMet shares jumped 15 to 689p, with turnover of 2.8m indicating the favourable response of institutional investors to the planned deal.

The spotlight was also turned on Bass, with analysts noting that the board might regard the GrandMet plan as a signal for divestment of Coral, the 'betting' ship business owned by Bass.

Enterprise flare. Enterprise Oil shares rallied as the market picked up whippers that an announcement of an out-of-court settlement of the dispute over Texas Eastern's North Sea assets was imminent.

Dealers and sector specialists said they expected news that Enterprise will come out of the saga with a better share of the Texas assets than expected - possibly as much as 33 per cent.

Brewers and Distillers



North Sea, British Gas and Amerasia Hess, won an Appeal Court hearing enabling them to exercise pre-emption rights over the Texas Eastern assets.

Bowater move. Bowater's predicted bid for Norton Opax united analysts in the belief that the takeover attempt would succeed.

Dealers had expected BA shares to be hit harder than their fall of 2 to 208p. They blamed what weakness there was on the absence of American buyers away from work on Labor Day.

NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for 1989 across various sectors like Insurance, Chemicals, etc.

still well short of the 1845p it touched in July 1987. The shares closed up 29 at 1624p, helped by presentations to investors both yesterday and on Friday.

SmithKline Beecham advanced 16 to 623p in the absence of the customary selling pressure from Wall Street.

The steep rise in Enterprise Oil shares was accompanied by good gains in all the leading oil stocks.

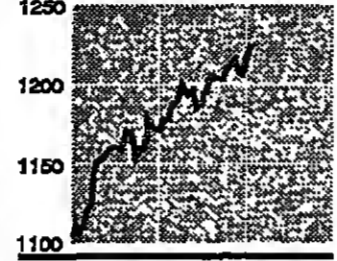
Enterprise Oil shares were supported, closing 6 higher at 654p with analysts highlighting the forthcoming interim figures expected on September 13 and expected drilling news, especially from the Pakistan gas well.

Life insurer Pearl edged up 3 to 519p in front of today's interim pre-tax profits which BZW estimates should come out 28 per cent higher at £28m, compared with £29.7m; BZW expects an interim of 7p against 6p.

Among the smaller companies Miller and Southouse, the optician, jumped 25 to 185p after revealing it was in talks which could lead to a bid being made for the company.

Moss Bros raked up to 75p before closing a net 1p firmer at 363p after more reports that

FT-A All-Share Index



Equity Shares Traded



Amber Day could be interested in bidding for the company; Amber Day shares were slightly firmer at 67p.

Among subdued front-line electronics stocks, STC stood out with a 7 gain at 368p after news of the rationalisation and job-losses at its New Southgate and Haslemton plants.

Psion, the USM-quoted manufacturer of an electronic personal organiser which saw its shares surge ahead last week, duly delivered the profits advance expected by market observers but saw the share price retreat in the wake of profit-taking.

FINANCIAL TIMES STOCK INDICES

Table of Financial Times Stock Indices including Government Secs, Fixed Interest, Ordinary Share, Gold Mines, FT-SE 100 Share, SEAO Bargains, etc.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks with columns for Volume, Price, and % change.

Psion were down 18 at 375p. VG Instruments, the scientific instruments manufacturer 63 per cent owned by Hoylake bid target BAT, staged another strong run, advancing 16 more to 478p with market observers convinced that the BAT stake will soon be on the move.

Argyll firm 4 to 253p as it announced said it was to take part in a network of cross shareholdings with the Koninklijke Abol of the Netherlands and Casino de France, in an extension of the alliance between the three retailers announced earlier this year.

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 24

AGA Group Interim Report 1989

Unaudited. AGA Group Income after financial items amounted to SEK 540 million (1988: 537). The favourable development in income noted at most Group companies was offset by economic austerity measures and currency devaluations in Latin America.

Consolidated Income Statement, SEK m. Table with columns for Jan-June 1989, Jan-June 1988, Full Year 1988.

The AGA Group reports a 12-per cent increase in sales for the first six months of 1989. During the same period, operating income rose 11 per cent, to SEK 690 m (620). Income after financial items amounted to SEK 540 m (537).

Directors at Daiwa Europe

Mr Neil Blair and Mr Masao Takasaki have been appointed directors at DAIWA EUROPE BANK, the major banking subsidiary of Daiwa Securities Co, Tokyo.

at BRITISH SYPHON INDUSTRIES and, following the recent management buy-out, its parent company Britannia and each of their respective subsidiaries.

Mr Simon Little (above) has been appointed managing director of WESSOX WATER CONSTRUCTION, the company formed by Wessox Water to extend the Wessox expertise into related areas of water activity such as plumbing, international, construction and organisational consultancy services.

GRANTA PUBLICATIONS has appointed Ms Caroline Mitchell as managing director from January 3. She is publicity director of Bloomsbury Publishing.

J.H. MINET & CO has appointed Mr Dominic Smyth to the board as an executive director of the fine arts and jewellery division.

Mr Chris Harwood has been appointed sales director with reprographics specialists, WORKING DYELINE.

Mr Keith Inwood has been appointed sales director of SALISBURY, a subsidiary of Ratners Group.

Mr Marshall Bankin has been appointed a director of G. REKES GROUP.

Mr Harold Goddard has been appointed to the new post of director of industrial relations by construction and engineering group AMEC.

Mr Frederick Arnold has been made a director in the corporate finance department of WALLACE SMITH TRUST CO.

Mr John M. Yates has been appointed company secretary.

AGA logo and contact information for AGA Aktiebolag, S-181 81 Lidingö, Sweden.

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0884 + five digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust Mgrs Ltd, Abbey Unit Trust Mgrs Ltd (1000H), Abbey Unit Trust Mgrs Ltd (1000I), etc.

Table listing various unit trusts such as Backmaster Management Co Ltd, Backmaster Management Co Ltd (1000H), Backmaster Management Co Ltd (1000I), etc.

Table listing various unit trusts such as Bank of Ireland Fund Mgrs Ltd, Bank of Ireland Fund Mgrs Ltd (1000H), Bank of Ireland Fund Mgrs Ltd (1000I), etc.

Table listing various unit trusts such as Barclays Unit Trust Mgrs Ltd, Barclays Unit Trust Mgrs Ltd (1000H), Barclays Unit Trust Mgrs Ltd (1000I), etc.

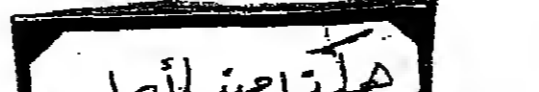
Table listing various unit trusts such as British Equities Ltd, British Equities Ltd (1000H), British Equities Ltd (1000I), etc.

Table listing various unit trusts such as British Overseas Investment Trust, British Overseas Investment Trust (1000H), British Overseas Investment Trust (1000I), etc.

Table listing various unit trusts such as British World Fund, British World Fund (1000H), British World Fund (1000I), etc.

Table listing various unit trusts such as British World Fund (continued), British World Fund (1000H), British World Fund (1000I), etc.

GUIDE TO UNIT TRUST PRICING. This section provides detailed information on how to interpret unit trust prices, including details on bid and offer prices, and how to calculate the net asset value per unit.



Wall Street

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0836 4 + five digit code (listed below). Calls charged at 36p per minute peak and 25p off peak, Inc VAT

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0834 + five digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'OFFSHORE AND OVERSEAS', 'GUERNSEY (ISB REDIGISED)', 'MANAGEMENT SERVICES', 'LUXEMBOURG (ISB REDIGISED)', 'SWITZERLAND (ISB REDIGISED)', and 'GUERNSEY (\*)'.

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FT UNIT TRUST INFORMATION SERVICE

Table listing various unit trusts and their performance metrics, including columns for Name, Price, Yield, and other financial indicators.

LONDON SHARE SERVICE

Table listing London share services, including British Funds, Loans, Foreign Bonds & Rails, and Money Market Bank Accounts, with columns for Name, Price, Yield, and other details.

UNIT TRUST NOTES: This section provides additional information and notes regarding the unit trusts listed in the table.

LONDON SHARE SERVICE

For Latest Share Prices on any telephone ring direct 0636 43 43 four digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

AMERICANS - Contd

Table listing American stocks with columns for Stock, Price, Div, and P/E. Includes companies like Ford Motor, General Electric, and IBM.

CANADIANS

Table listing Canadian stocks with columns for Stock, Price, Div, and P/E. Includes companies like Alcan, Inco, and Northern Telecom.

BANKS, HP & LEASING

Table listing financial institutions and leasing companies with columns for Stock, Price, Div, and P/E. Includes companies like Citicorp, HSBC, and Finance Trust.

BEERS, WINES & SPIRITS

Table listing beverage companies with columns for Stock, Price, Div, and P/E. Includes companies like Carlsberg, Heineken, and VVO.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies with columns for Stock, Price, Div, and P/E. Includes companies like Bovis Lend Lease and Bovis Lend Lease.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies with columns for Stock, Price, Div, and P/E. Includes companies like Bovis Lend Lease and Bovis Lend Lease.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies with columns for Stock, Price, Div, and P/E. Includes companies like ICI, Shell Chemicals, and Hoechst.

DRAPERY AND STORES

Table listing retail and drapery companies with columns for Stock, Price, Div, and P/E. Includes companies like Debenhams and Debenhams.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies with columns for Stock, Price, Div, and P/E. Includes companies like Bovis Lend Lease and Bovis Lend Lease.

DRAPERY AND STORES - Contd

Table listing retail and drapery companies with columns for Stock, Price, Div, and P/E. Includes companies like Debenhams and Debenhams.

ELECTRICALS

Table listing electrical companies with columns for Stock, Price, Div, and P/E. Includes companies like British Telecom and British Telecom.

DRAPERY AND STORES

Table listing retail and drapery companies with columns for Stock, Price, Div, and P/E. Includes companies like Debenhams and Debenhams.

DRAPERY AND STORES

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DRAPERY AND STORES

Table listing retail and drapery companies with columns for Stock, Price, Div, and P/E. Includes companies like Debenhams and Debenhams.

ENGINEERING - Contd

Table listing engineering companies with columns for Stock, Price, Div, and P/E. Includes companies like BAE Systems and BAE Systems.

ENGINEERING

Table listing engineering companies with columns for Stock, Price, Div, and P/E. Includes companies like BAE Systems and BAE Systems.

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ENGINEERING

Table listing engineering companies with columns for Stock, Price, Div, and P/E. Includes companies like BAE Systems and BAE Systems.

INDUSTRIALS (Miscel.) - Contd

Table listing industrial companies with columns for Stock, Price, Div, and P/E. Includes companies like British Petroleum and British Petroleum.

INDUSTRIALS (Miscel.)

Table listing industrial companies with columns for Stock, Price, Div, and P/E. Includes companies like British Petroleum and British Petroleum.

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INDUSTRIALS (Miscel.) - Contd

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INDUSTRIALS (Miscel.)

Table listing industrial companies with columns for Stock, Price, Div, and P/E. Includes companies like British Petroleum and British Petroleum.

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LONDON SHARE SERVICE

For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 39p per minute peak and 25p off peak, inc VAT

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LEISURE

Table of share prices for Leisure companies including Leisure Group, Leisure Leisure, Leisure Leisure, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of share prices for Paper, Printing, Advertising companies including Newsprint, Newsprint, Newsprint, etc.

TEXTILES - Contd

Table of share prices for Textiles companies including Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land companies including Finance, Finance, Finance, etc.

OIL AND GAS - Contd

Table of share prices for Oil and Gas companies including Oil, Oil, Oil, etc.

MINES - Contd

Table of share prices for Mines companies including Mines, Mines, Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors, Aircraft Trades companies including Motors, Motors, Motors, etc.

PROPERTY

Table of share prices for Property companies including Property, Property, Property, etc.

TOBACCO

Table of share prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

TRANSPORT

Table of share prices for Transport companies including Transport, Transport, Transport, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies including Overseas, Overseas, Overseas, etc.

THIRD MARKET

Table of share prices for Third Market companies including Third, Third, Third, etc.

Commercial Vehicles

Table of share prices for Commercial Vehicles companies including Commercial, Commercial, Commercial, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land companies including Finance, Finance, Finance, etc.

TOBACCO

Table of share prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

TRANSPORT

Table of share prices for Transport companies including Transport, Transport, Transport, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies including Overseas, Overseas, Overseas, etc.

THIRD MARKET

Table of share prices for Third Market companies including Third, Third, Third, etc.

Garages and Distributors

Table of share prices for Garages and Distributors companies including Garages, Garages, Garages, etc.

PROPERTY

Table of share prices for Property companies including Property, Property, Property, etc.

TOBACCO

Table of share prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

TRANSPORT

Table of share prices for Transport companies including Transport, Transport, Transport, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies including Overseas, Overseas, Overseas, etc.

THIRD MARKET

Table of share prices for Third Market companies including Third, Third, Third, etc.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers, Publishers companies including Newspapers, Newspapers, Newspapers, etc.

PROPERTY

Table of share prices for Property companies including Property, Property, Property, etc.

TOBACCO

Table of share prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

TRANSPORT

Table of share prices for Transport companies including Transport, Transport, Transport, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies including Overseas, Overseas, Overseas, etc.

THIRD MARKET

Table of share prices for Third Market companies including Third, Third, Third, etc.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, Advertising companies including Paper, Paper, Paper, etc.

PROPERTY

Table of share prices for Property companies including Property, Property, Property, etc.

TOBACCO

Table of share prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

TRANSPORT

Table of share prices for Transport companies including Transport, Transport, Transport, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies including Overseas, Overseas, Overseas, etc.

THIRD MARKET

Table of share prices for Third Market companies including Third, Third, Third, etc.

Commercial Vehicles

Table of share prices for Commercial Vehicles companies including Commercial, Commercial, Commercial, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land companies including Finance, Finance, Finance, etc.

TOBACCO

Table of share prices for Tobacco companies including Tobacco, Tobacco, Tobacco, etc.

TRANSPORT

Table of share prices for Transport companies including Transport, Transport, Transport, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies including Overseas, Overseas, Overseas, etc.

THIRD MARKET

Table of share prices for Third Market companies including Third, Third, Third, etc.

Stock Exchange dealing classifications are indicated to the right of security names. A 'B' denotes a company whose shares are listed on the London Stock Exchange. A 'D' denotes a company whose shares are listed on the New York Stock Exchange. A 'G' denotes a company whose shares are listed on the Frankfurt Stock Exchange. A 'H' denotes a company whose shares are listed on the Hong Kong Stock Exchange. A 'I' denotes a company whose shares are listed on the Intercontinental Exchange. A 'J' denotes a company whose shares are listed on the Johannesburg Stock Exchange. A 'K' denotes a company whose shares are listed on the Kuala Lumpur Stock Exchange. A 'L' denotes a company whose shares are listed on the Lima Stock Exchange. A 'M' denotes a company whose shares are listed on the Mexico Stock Exchange. A 'N' denotes a company whose shares are listed on the New Zealand Stock Exchange. A 'O' denotes a company whose shares are listed on the Oslo Stock Exchange. A 'P' denotes a company whose shares are listed on the Paris Stock Exchange. A 'Q' denotes a company whose shares are listed on the Quito Stock Exchange. A 'R' denotes a company whose shares are listed on the Rio de Janeiro Stock Exchange. A 'S' denotes a company whose shares are listed on the Santiago Stock Exchange. A 'T' denotes a company whose shares are listed on the Toronto Stock Exchange. A 'U' denotes a company whose shares are listed on the Uppsala Stock Exchange. A 'V' denotes a company whose shares are listed on the Vancouver Stock Exchange. A 'W' denotes a company whose shares are listed on the Warsaw Stock Exchange. A 'X' denotes a company whose shares are listed on the Xinhai Stock Exchange. A 'Y' denotes a company whose shares are listed on the Yantai Stock Exchange. A 'Z' denotes a company whose shares are listed on the Zanzibar Stock Exchange.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar runs out of steam

NO SINGLE currency dominated the foreign exchanges yesterday. The market was generally reduced to quiet cross trading, as the dollar failed to build on Friday's gains.

The upward surge by the dollar on Friday's news of stronger than expected US employment data, ran out of steam. New York was closed for the Labour Day holiday and Europe was generally wary of putting too much upward pressure on the currency.

Dealers said it is not in the interests of any leading economy to allow a further appreciation of the dollar. A firmer dollar will not help correct the adverse trade flow into the US and will be a recipe for exporting inflation as far as Europe and Japan are concerned.

Reaction to the August US employment figures was that the dollar moved higher because a reduction in US interest rates appears less likely. On the other hand the underlying strength of the economy made dealers nervous about intervention by central banks.

The Bank of Japan intervened repeatedly during the Tokyo morning, but was not seen in the market during the afternoon. Total dollar sales by the Japanese central bank

were estimated at around \$300m. This did not have any strong impact on the dollar and was regarded by many dealers as a good opportunity to buy the US currency, but it did serve as a reminder that the central banks may be waiting in the wings for an opportunity to squeeze long dollar positions.

For most of the day the dollar hovered around Y146.00 and DM1.9800. It closed a little firmer overall at Y145.90 compared with Y145.80 on Friday and also rose to DM1.9785 from DM1.9780.

In terms of other major currencies the dollar climbed to SF1.7085 from SF1.7085 and to FF6.6725 from FF6.6675. On Bank of England figures the dollar's exchange rate index rose to 72.2 from 72.0.

sterling support for sterling last month. A fall of \$405m in the reserves was towards the top of wide ranging estimates from \$50m to \$500m, but underlined the determination of the UK authorities to keep the pound firm. It also tended to support the belief that a cut in UK bank base rates is unlikely in the near future and probably before the end of the year.

Sentiment surrounding sterling received a small boost from news that July UK consumer credit rose a smaller than expected 23.23bn, against 23.46bn in June.

The pound opened generally weaker in London, but then stabilised and saw very little further movement. It fell 1/4 cent to \$1.5540 and declined to DM3.0750 from DM3.0775; to Y224.75 from Y227.00; to SF2.6575 from SF2.6600; and to FF10.3700 from FF10.3775. According to the Bank of England sterling's index fell 0.2 to 91.2.

FINANCIAL FUTURES

Sterling prices weaker

SHORT STERLING futures were marked down in very subdued trading yesterday. The market was generally reduced to quiet cross trading, as the dollar failed to build on Friday's gains.

The market was generally reduced to quiet cross trading, as the dollar failed to build on Friday's gains. Reaction to the August US employment figures was that the dollar moved higher because a reduction in US interest rates appears less likely.

not due until tomorrow. The most traded December contract opened at 94.25, down from 94.33 on Friday and finished at the day's low of 94.24. Activity was also subdued ahead of today's Federal bond auction, demand for which is likely to have an influence on sentiment.

In the tables below, the Chicago and Philadelphia prices are for September 1. Prices quoted for London are as at September 4.

Table with columns: Strike, Call, Put, etc. for various futures contracts.

Table with columns: Sep 4, Oct, etc. for various futures contracts.

Table with columns: Strike, Call, Put, etc. for various futures contracts.

Table with columns: Sep 4, Oct, etc. for various futures contracts.

C IN NEW YORK

Table with columns: Sep 4, Oct, etc. for various financial instruments.

STERLING INDEX

Table with columns: Sep 4, Prev, etc. for various currencies.

CURRENCY RATES

Table with columns: Sep 4, Bank, etc. for various currencies.

CURRENCY MOVEMENTS

Table with columns: Sep 4, Bank, etc. for various currencies.

OTHER CURRENCIES

Table with columns: Sep 4, etc. for various currencies.

MONEY MARKETS

UK rates steady

THE MOOD of the London money market yesterday was neatly captured by a quick glance at the yield rate curve on interbank rates. This showed virtually no change in a market where sentiment is hedged in by the Government's determination to keep rates high to beat down on inflation and keep the pound from falling (see inflationary).

At the same time, a maturing sale and repurchase facility will mature tomorrow, draining DM23.3bn from the system. Banks will also be expected to accommodate a DM3bn Government bond issue today.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Rate, etc. for EMS currencies.

POUND SPOT-FORWARD AGAINST THE POUND

Table with columns: Sep 4, Oct, etc. for pound rates.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns: Sep 4, Oct, etc. for dollar rates.

EURO-CURRENCY INTEREST RATES

Table with columns: Sep 4, etc. for Euro-currency rates.

EXCHANGE CROSS RATES

Table with columns: Sep 4, etc. for exchange rates.

LONDON MONEY RATES

Table with columns: Sep 4, Oct, etc. for London money rates.

FT LONDON INTERBANK FIXING

Table with columns: Rate, etc. for interbank fixing.

MONEY RATES

Table with columns: Sep 4, Oct, etc. for money rates.

LONDON MONEY RATES

Table with columns: Sep 4, Oct, etc. for London money rates.

BASE LENDING RATES

Table with columns: Bank, Rate, etc. for base lending rates.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, etc. for European options.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, etc. for European options.

TOTAL VOLUME IN CONTRACTS

Table with columns: Contract type, Volume, etc.

Quality PROMOTIONAL GIFTS advertisement featuring key rings, cuff links, etc.

FOREXIA 01-948 8316 advertisement for currency forecasting.

MMC INVITES EVIDENCE ON PROPOSED ACQUISITIONS OF MYSON GROUP advertisement.

For details of advertising on the arts pages of the Weekend FT advertisement.

JOTTER PAD advertisement.

CROSSWORD advertisement.

CROSSWORD puzzle grid with clues.



EUROPE

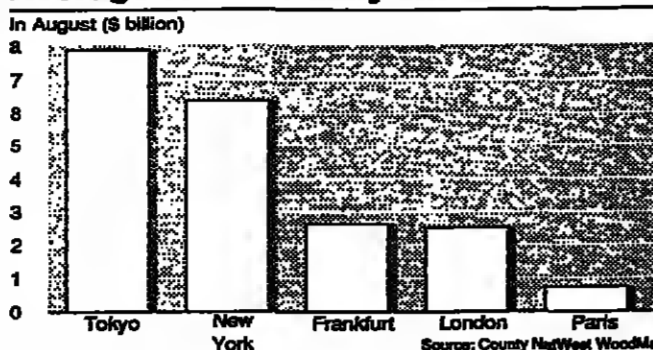
Frankfurt and Paris advance by 2 per cent

THE Labor Day holiday in North America failed to hold back the Continent's two biggest bourses yesterday, as Paris and Frankfurt both burst forward 2 per cent in active trading. Some markets were more subdued, but domestic considerations seemed as important as the absence of trading on Wall Street, writes Our Markets Staff.

PARIS enjoyed a surge in prices, carrying on from Friday's gains, as domestic investors returned from their summer absence and foreigners also moved in for a slice of the action. "It was a superb day, absolutely magic," exclaimed one dealer.

THE Labor Day holiday in North America failed to hold back the Continent's two biggest bourses yesterday, as Paris and Frankfurt both burst forward 2 per cent in active trading. Some markets were more subdued, but domestic considerations seemed as important as the absence of trading on Wall Street, writes Our Markets Staff.

Average value of daily share turnover



In August (\$ billion)

East Germany and the perception that big building programmes would be needed to house these people. Hochtief rose DM20 to DM50 after its 5.7 per cent jump on Friday, Bilfinger und Berger gained DM13 to DM513, and Heidelberg Zement was up DM35 at DM1,030.

Investors pause to survey scene from new heights

By Alison Maitland

INVESTORS stopped to take in the view from the higher slopes of the world's equity markets last week and share prices made very little progress in one of the steadiest weeks of the year.

The Dow Jones Industrial Average, for example, closed the week at a record of 2,752.09 after economic indicators on Friday pointed to a comfortably modest pace of growth.

MARKETS IN PERSPECTIVE

Table showing market performance metrics: % change in local currency for 1 Week, 4 Weeks, 1 Year, Start of 1989, and Start of 1988. Includes rows for Austria, Belgium, Denmark, Finland, France, West Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, UK, EUROPE, Australia, Hong Kong, Japan, Malaysia, New Zealand, Singapore, Canada, USA, Mexico, SOUTH AFRICA, and WORLD INDEX.

Based on Friday 1st September, 1989. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited.

ASIA PACIFIC

Large capital issues push Nikkei higher

Tokyo

THE RELENTLESS rise of the dollar heralded an inauspicious start for the week but interest in large capital issues helped the Nikkei average to rise for the first time in four trading sessions, writes Michio Nakanishi in Tokyo.

The Nikkei broke its string of losses with a gain of 135.56 points to close at 34,483.78. The day's high was at 34,558.64 while the low was at 34,305.51. Advances led declines by 583 to 363 while 164 issues were unchanged.

Fleming. The lack of outstanding appeal or lasting strength in any topic, sector or even individual issue has kept investors wary of pouring funds into the market, he added.

There was further discouragement yesterday in the dollar's rise to the Y146 level and the US unemployment figures for August released late on Friday that suggested interest rates would not immediately be heading lower.

after profit-taking at the end of last week. The All Ordinaries index rose 15.1 to 1,763.9, slightly off its day's high of 1,764.4, with market sentiment bolstered by improved results from leading companies.

Turnover was a respectable 184m shares worth A\$290. Advancing issues outnumbered declining ones by two to one. Boral, which announced a 44 per cent rise in annual net profit, gained 3 cents to A\$4.16.

turnover, which was 1.6 times that of the average. The Straits Times industrial index climbed 18.55 to 1,382.92. Rising stocks outpaced falling ones by 143 to 63 while turnover soared to 135m shares from Friday's 63m.

SINGAPORE continued its run of gains, ending firmly with prices rising sharply across the board as institutions and small investors showed strong buying interest.

net profits. Philips slipped 30 cents to F1 42.70. Polygram International, a year-long subsidiary of Philips, would not comment on a press report that it was close to buying A & M Records for about \$500m.

MILAN encountered technical selling midway through the September account, with leading stocks ending sharply lower. The Comit index fell 5.3 to 728.62. However, Mediobanca gained L1,000 to L28,500 after its 35 per cent improvement in profits and a rights issue.

STOCKHOLM dipped in moderate trading, as bearish sentiments over Saab's troubled car division weighed heavily on the market. The Affarsvärlden General index fell 18.6 to 1,319.4.

Saab shares, which accounted for more than a fourth of total turnover worth SKr110m, were unchanged at SKr285.

OSLO slipped from record levels last week as nervous investors took profits before elections next Monday. The all share index dropped 0.34 to 533.79.

BRUSSELS moved mainly higher in light trading. The cash market index rose 20.44 to 6,829.47, a record high.

Société Générale de Belgique climbed BF50 to BF3,550 as a result of rallies by its subsidiaries.

The week's biggest gain came from New Zealand, which pushed ahead by a further 2.9 per cent to give a rise of 12 per cent over the past four weeks and of 80 per cent since the start of the year.

NEW ZEALAND also rose as turnover fell to 10m shares valued at NZ\$1.3m from Friday's 11m shares valued at NZ\$2.1m. The Barclays index gained 30.87 to 2,446.32.

HONG KONG moved sharply higher, taking its cue from Wall Street's record highs on Friday. The Hang Seng index rose 41.34 points, or 1.65 per cent, to 2,550 while turnover rocketed to HK\$729m compared with Friday's HK\$449m.

The market appears poised to test the Hang Seng index's 2,600 level in the short term. Cheung Kong and affiliate Hutchison topped the most active list and both gained 20 cents to HK\$39.40 and HK\$34.45 respectively amid widespread rumours about group restructuring.

SOUTH AFRICA TRADING was generally subdued in Johannesburg yesterday when the stock market closed mainly easier.

IFC EMERGING MARKETS INDICES

Table showing IFC Emerging Markets Indices: Market (Latin America, Asia, etc.), No. of stocks, July 1989, PRICE (July 1989, % Change on June 30, % Change on Dec 31 '88), TOTAL RETURN (% Change on June 30, % Change on Dec 31 '88).

Source: International Finance Corporation. Base date: Dec 31, 1988.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table showing FT-Actuaries World Indices: NATIONAL AND REGIONAL MARKETS (FRIDAY SEPTEMBER 1 1989, THURSDAY AUGUST 31 1989, DOLLAR INDEX), Figures in parentheses show number of stocks per grouping.

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